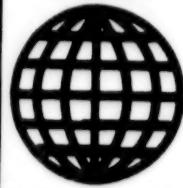


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20 June 1994



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Near East & South Asia

INDIA

1994/95 Tamil Nadu Budget

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INDIA**
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Full Text of Tamil Nadu 1994/95 Budget
*94AS0254A Madras DINAMANI Supplement in Tamil
24 Mar 94 pp 1-8*

[Text] The Honorable Dr. R. Nedunchezian, minister of finance, government of Tamil Nadu, presented the budget for 1994/95 in the Legislative Assembly and delivered the following speech:

1. The Honorable Speaker:

I take great pride and pleasure in placing before the Assembly for its approval revised estimates for 1993/94 and the budget for 1994/95.

"That leader who has these four qualities—munificence, gracefulness, justice, and care of the people—is a light among the rulers," said Saint Tiruvalluvar. The Honorable Chief Minister, the revolutionary, Dr. J. Jayalalitha embodying these qualities, has striven tirelessly to give this state an excellent administration.

2. As per Tiruvalluvar's definition of a good ruler, the Chief Minister Dr. Jayalalitha gives donations and welfare aid to the poor people, responds positively to people who seek help, rules in a fair and just manner, and gives protection to the underprivileged masses, thus working in an admirable way. All impartial observers are aware of this fact.

With such fine characteristics of a good ruler the Honorable Dr. J. Jayalalitha strives to fairly administer the state, and the people of Tamil Nadu have always given her their wholehearted support. The state under the leadership of Dr. Jayalalitha is firmly committed to adhering to the basics of the policy and ideals of our great scholar C.N. Annadurai and the constructive programs with full compassion for the masses initiated by our great leader M.G. Ramachandran.

3. Tamil Nadu stands out as an exceptionally successful state, maintaining peace, law, order, and unity, while at the same time achieving rapid all-around economic development. There is basic assurance and maintenance of law and order. The threat posed by foreign militants and extremists has been rooted out. No disruptive force has been allowed to rear its ugly head. Tamil Nadu today stands out in India as an oasis of peace and harmony, and this wholesome situation has enabled it to march forward with strident steps.

4. The honorable members are well aware of the grave economic crisis of 1991. It was during this unprecedented economic crisis that the Honorable J. Jayalalitha came to head the administration of the state. The new economic policy enunciated by the Center in the wake of this major economic crisis incorporates some basic policies of stabilization and structural adjustment. It has also envisaged a new long-term view of economic growth. We share the same vision of prosperity and rapid economic growth. It is imbued with this vision that we endorse the policy to integrate the Indian economy with

the global economy, secure a quantum increase in investment to promote employment, and create a liberalized environment, facilitating the growth progress. At the same time, we have been most concerned about the situation of the poor and underprivileged people in the wake of the stabilization and structural adjustment processes. Whenever she speaks at the regional or national conferences, our chief minister the Honorable Dr. J. Jayalalitha pleads vigorously for great care in implementing any policy that affects the poor. The Center's recent increase in prices on various items like rice, diesel, and LPG [liquefied petroleum gas], etc., in the public distribution system, and the increase of railway freight rates on coal have put the states in a difficult situation. Our administration has endeavored to protect the poor and underprivileged people from the ill-effects of this price increase.

5. Despite an extremely difficult financial situation, the rice distribution subsidy, which was Rs [Rupees] 105 crore was stepped up to Rs400 crore in 1993/94. As the Central Government has raised the procurement price of rice intended for public distribution, to be effective from February, the state government was left with no other option but to raise the price of rice also. Hence, the subsidy climbed up to Rs440 crore in 1993/94. In addition, in 1994/95 a provision of Rs75 crore has been made to discharge the arrears that have accumulated. The total subsidy for 1994/95 is thus Rs515 crore, which is the highest provision ever made. It will be clear that this government has done its utmost to protect the poor from the immediate effects of the increase in rice prices announced by the Center.

6. It is absolutely essential to keep a close watch on prices, particularly on the basket of commodities consumed by the poor. The Center will have to exercise utmost vigilance in controlling the rate of inflation. The fiscal deficit in 1993/94 and the position anticipated do lend cause for concern that price increases may again pose problems. The instruments of macro-economic management are wholly with the Center, and even as steps are taken to stimulate the economy, we urge the Center to take appropriate measures to hold the prices in check.

7. It has always been our stand, consistent with the philosophy of a strong union of prosperous and autonomous states, that the Constitution needs to be changed to ensure that the Center have all the powers to protect and safeguard the sovereignty of the nation, while the states have the powers and responsibilities for growth and welfare. We shall continue to reiterate this stand. Recent economic trends confirm this perception of the relative roles of the Center and the states.

8. We are keen that the Center-state fiscal relations be anchored on sound principles of a matching resource base and duties. In the context of the new economic policy, there has been a decisive shift in the functions of the government with a clear tilt toward the social sectors. Conventionally, the states have had a much larger role to

play in the social sectors. While the Central initiatives in deciding the national goal and the way we achieve these goals are always welcome, it is essential that the states have adequate resources to deal with the needs of these sectors on their own. It is in this context that the honorable chief minister has pleaded forcefully that the states be empowered with adequate inflows to undertake such programs on their own. It is not appropriate to introduce new Centrally-sponsored schemes in the garb of externally aided projects. It is best that states be assured of getting resources to handle the needs of these sectors on their own.

9. Recent trends in the Center-state resource allocations leave us quite concerned. We are greatly affected by the slow down in the growth of Central excise duties, the mainstay of resource allocations, as recommended by the Finance Commission. We are also concerned that the tax potential under the Income Tax Act has not been fully realized. This situation has come about after the states' percentage share of both income tax and excise duties has remained stagnant for a decade. This indeed is a worrisome situation. This highlights the need to immediately take up the question of assigning to the states a share in the corporation tax. This has been a long-standing demand of the states. The Sakaria Commission on Center-state relations has clearly recommended that the corporation tax be shared with the states. Successive finance commissions have also seen the merit in the states' argument, but have been unable to move forward without any specific indication in their term of reference. With de-licensing, de-control, and liberalized systems, states are being informed that they will have to act quickly to upgrade the infrastructure and provide the necessary support for industry to move ahead. It is all the more relevant that a share of the corporation tax be made available to the states at this juncture. We do hope that the Center will make specific reference to the 10th Finance Commission even at this late stage on the question of sharing the corporation tax with the states.

10. We are also deeply concerned about the situation relating to the levying of the consignment tax. In our view not levying this tax leads to a considerable amount of evasion of the sales tax. The chief minister in December 1993 brought this up during her meeting with the vice chairman of the Planning Commission. She expressed her view that it would not be appropriate to reconsider the decision made at the chief ministers' conference under the chairmanship of the late Rajiv Gandhi. It is not right to link the levying of the consignment tax with other questions relating to interstate trade. The unanimous decision already made on the issue of levying the consignment tax needs to be implemented immediately. We would once again urge the Center to bring forward necessary legislation in the current session of the Assembly for the levying of the consignment tax.

11. In a rapidly growing economy, it is a well-known phenomenon that the services sector's relative share will increase and the growth of the interest rate is usually high in the services sector. The Indian economy is no

different. While raising resources to finance plans, programs, and essential activities of the government, it is important that the service sector also be tapped. While welcoming the new direction in the Central budget for 1994/95 toward taxing the service sector, we are concerned that this tax is to be levied, collected, and wholly appropriated by the Center. We are of the view that this is not in harmony with the spirit of the Constitution. The Constitution gives the states the right to impose taxes on the sale or purchase of goods. It should thus be clear that the power to levy and collect taxes on services should be with the states. No doubt reliance could be placed on the residual entry in the union list, but this would not be a logical construction given the nature of the sale of services. In a study entrusted to the National Institute of Public Finance and Policy, the question of taxation on services has been studied in depth and the states have stressed the view that taxes similar to the central sales tax could be collected and retained by the states. In the long run, in financial services, etc., where uniformity of taxation is necessary, these could be under a Central tax. Suitable constitutional amendments are necessary to bring about these changes. Even as the matter is under consideration, we are concerned that the Center will levy taxes on certain services and fully appropriate the revenue. We are hopeful that the whole issue will be discussed in the right perspective. We are also deeply concerned that the Center is unmindful of the states' static resource base and is engaging in its drive to enlarge its resource base. A share in the tax on the service sector cannot be denied to the states, when they have contributed more than 40 percent to the GNP.

12. The honorable members of this Assembly are aware that the 10th Finance Commission is to submit its report before June 1994. As desired by the Commission, we have submitted detailed reports, estimates, etc. The Commission is likely to hold its session in Madras in April 1994. It has a crucial role to play in view of the vast changes that have occurred in the resource base available to the Center and the states, and their relative roles. We have noticed two pronounced shifts taking place in the fiscal scenario. First, we are greatly concerned by the lack of buoyancy in the growth of Central tax revenues relevant to the states, namely in the growth of basic excise duties and the delay in realizing the full potential under the Income Tax Act. Second, there has been a marked and decided shift in favor of the states with regard to the responsibilities expected to be discharged by them. This is with particular reference to the enhanced role of the government in the social sector, and the increasing role of the private sector in areas earlier reserved for the public sector. It is thus seen that these trends have accentuated the fiscal difficulties faced by the states. We have presented our forecast to the 10th Finance Commission and will reiterate it when the Commission visits the state. It is relevant to highlight the fact that the states are facing an unenviable situation.

On the one hand, the rapid increase in prices of various commodities administered by the Center and the general

rate of inflation caused by the national economic crisis have put tremendous pressure on the state's ability to contain expenditure growth. On the other hand, the states increasingly find it difficult to mobilize additional resources from the conventional resource base allotted to them. The net result has been an extremely difficult financial situation for the states. Any plan to contain expenditure can only be implemented in the interim. It is essential that, in the transfer of resources between the Center and the states in the revised fiscal scenario, a forward looking scheme of rescuing the states from the financial crisis be developed by the 10th Finance Commission.

13. In particular, we have been greatly distressed by the recommendations of the Ninth Finance Commission, as adopted and implemented. The recommendations proved to be most disappointing for Tamil Nadu. It assessed Tamil Nadu as a state with surplus income in the non-plan revenue account, but the actual position has turned out to be one of large deficits. It has maintained the share for all the states at the state level of 45 percent in basic excise duties. Worse still, the effective share of all states excluding the earmarked share of deficit states, has really gone down from 40 percent to 37.53 percent.

Third, in its projections, the Finance Commission has assumed a low inflation rate, whereas, the actual experience has been totally contrary. In addition, Tamil Nadu has also suffered due to the wrong estimation of surplus income and thereby a denial of a substantial amount of planned revenue-grant. We eagerly anticipate that the 10th Finance Commission, with its term of reference, will render justice to the states. The fiscal situation confronting all the states in the wake of the recommendations of the Ninth Finance Commission is extremely troublesome. Only a fresh view of the scheme of resource allocation to the states can rescue the states from their plight. We hope the 10th Finance Commission will break new ground in developing a resource-transfer scheme that will lead states confidently into the 21st century.

The Annual Plan

14. The honorable members are well aware that our revolutionary leader has demonstrated that every year we have been achieving a lot more than the goals adopted under the approved outlay in the annual plan. We have achieved more than what other plans with higher outlays have achieved. The measure of achievement is indeed praiseworthy. In the year 1992/93 among the 15 non-special category of states, eight could not complete the plan's outlay. Tamil Nadu stands out as one of the states that not only completed the approved plan outlay of Rs1,766 crore for 1992/93, but went on to identify additional areas of need and actually perform an outlay of Rs 1,935 crore, an excess of Rs169 crore over the outlay. This singular fact will demonstrate our ability to implement plans and programs for the maximum benefit of the people.

15. For the year 1993/94, we are confident that the approved plan outlay of Rs2,101 crore will be achieved. In fact, the revised estimates for 1993/94 now provide for a total outlay of Rs2,140.30 crore. It is this record of performance that has enabled the Union Planning Commission to approve for Tamil Nadu a significantly higher plan outlay of Rs2,750 crore for 1994/95. This is a step up over the 1993/94 outlay. The honorable Dr. J. Jayalalitha has secured for our state a higher plan outlay, and this has enabled us to march forward with confidence to implement a good plan of programs and effective services to benefit the masses. Under the administration of our revolutionary leader, the per capita plan outlay of Tamil Nadu in 1994/95 of Rs492.30 will be considerably higher than the national per capita plan outlay of Rs433.20. It is an extraordinary achievement that this government, despite severe financial difficulties, has stepped up investment through good planning from a situation much below the national average to a position of strength that is significantly higher than the national average. It is no exaggeration to say that Tamil Nadu has now moved into a higher growth trajectory through systematic attention to planned development. It is a record that we have to protect with great care and caution, even if some sacrifices are involved. We have to inevitably prune some lower priority expenditures to find the resources to finance the plan outlay. I request that the honorable members of the Assembly bear in mind this central theme.

The Police Department

16. Our chief minister the honorable Dr. J. Jayalalitha has taken measures to make our State Police Department work efficiently and with compassion, and for this the members of the Assembly will applaud her wholeheartedly. It is a matter of utmost satisfaction that the state police is functioning with a new sense of vision and direction. Minor situations that have risen have been handled most competently. Peace and tranquillity, which constitute the bedrock of growth in the state, have been ensured.

17. The budget includes a total provision of Rs307.19 crore for the police force in 1994/95 as against Rs320.13 crore in 1993/94. Despite fiscal difficulties, this government has tried to provide maximum resources to enable the police force to be modernized. At one stage the Union home minister gave assurances that an additional amount of Rs30 crore would be sanctioned. This amount has not yet been released. We would urge the Government of India to provide at least this amount in 1994/95. We have also submitted a separate plan for a coastal security force estimated to cost Rs12 crore. We urge the Government of India to accord early approval for the plan and extend necessary assistance.

18. An expense of Rs10 crore has been incurred in 1993/94 under the state scheme of modernizing the police force. This amount has been used to provide 237 police stations with jeeps, raising in some cases from one to two battalions, provision of arms and ammunition, as

well as essential infrastructure facilities. It has gone a long way in upgrading the capability of the state police. We intend to continue the state scheme of modernizing the state police in 1994/95. The effort will be to completely upgrade the mobility-communications capabilities, increase equipment availability, and enhance functioning arms and ammunition. No effort will be spared in making the Tamil Nadu police the best in the country.

19. As a result of various welfare schemes undertaken by the state government, the morale of the police has been increased to a substantial level. The big scheme to provide housing to the police constables has progressed in a notable manner. In 1993/94 at the cost of Rs12.5 crore, 1,000 houses were built for the constables. This is the highest number of houses built in a year. The housing project will continue in 1994/95 also. For this purpose, a special allocation of Rs5 crore has been made. The Uniformed Service Recruitment Board (USRB) has completed the planned recruitment of 10,000 new police constables. The newly recruited constables have been trained and are now being positioned in the field. This has been a significant strengthening of the State Police Force and will considerably enhance the capabilities of the police force in tackling any situation. The USRB is now in the process of completing the recruitment of 500 police deputy inspectors. This will further strengthen the capability of the State Police Force.

Cyclone and Flood Relief

20. Tamil Nadu has been repeatedly battered by severe cyclones, storms, and floods. Continuously from 1991 we have had to provide massive relief and restoration measures far beyond what our financial resources could meet. Every year we have been sending detailed reports to the Central Government. Yet the financial aid came only under interim relief funds. This was not adequate for the purpose.

So we had to spend a substantial amount in addition to the aid given. It is for this reason that we have sent a detailed project report with an outlay request for Rs2,560 crore to the Government of India to be passed on to the World Bank. The World Bank has extended assistance to Andhra Pradesh for a cyclone emergency reconstruction project. We also understand that the World Bank has recently agreed to extend assistance to the government of Maharashtra for reconstruction following the earthquake in that state. Tamil Nadu's situation following the successive batterings by repeated cyclones is equally serious. We are not quite able to perceive why Tamil Nadu's reconstruction plan cannot be approved. We do hope the Center will prevail upon the World Bank to enable this government to take up a proper reconstruction project.

21. The recent cyclones and floods in November and December 1993 have struck different areas and have caused widespread damage. We have already sanctioned an expenditure of Rs75.37 crore for various relief and restoration operations. The assistance so far received is

Rs29.25 crore including the advance release of Rs14.63 crore from the Calamity Relief Fund due for the year 1994/95. The World Bank has recently agreed to sanction Rs31 crore under the Agricultural Development Project to take up flood restoration work. The 10th Finance Commission will have to take note of the total inadequacy of the Calamity Relief Fund arrangement in the case of Tamil Nadu, and provide for a substantially enhanced allocation at least from the year 1995/96. We have already made detailed submissions in this regard to the 10th Finance Commission. We will reiterate this when the Commission meets in April in Madras.

Development Schemes

22. As we step into the new financial year 1994/95, I briefly mentioned to you many policy problems that have given cause for great concern. Due to want of time, I request that details of various schemes and services in part B of my speech kindly be taken as read in the Assembly. Part B details the schemes about agriculture, food processing, irrigation, village development, cattle breeding, fisheries, forestry, industries, fuel sources, roads and transportation, environment, Madras metropolitan area, housing, education and welfare, drinking water supply, well-being of women and children, food and nutrition, welfare of the Adi Dravida and Aborigines, labor welfare, loan schemes, employment facilities, and the welfare of government workers. Among these development schemes, there are some new ones and special projects for various sections of the people. The members of the Assembly will certainly approve the new efforts detailed in the budget.

23. The details of these schemes are given in part B of the speech, yet I would like to mention a few big schemes and services.

- Foodgrains production has been increased to a record level of 100 lakh crore tons. The new areas emphasized are increasing capital investment in agriculture, emphasis on production of high value crops, improvement of irrigation, watershed development, wasteland development, and human resources development. A new human resources development project at a cost of Rs76 crore will be launched in 1994/95.
- The water resources consolidation project with a total outlay of Rs952 crore is to be launched in 1994/95, with a budget provision of Rs40 crore. This government urges the Government of India to implement the Peninsular River water grid and the Pampa-Achan Koil-Vaigai link, in particular, at the earliest. A major program for standardizing 4,270 temple tanks will be continued.
- New legislation incorporating the 73d and 74th amendments to the Constitution will be introduced in this session. The District decentralization plan has been doubled from Rs20 crore to Rs40 crore in 1994/95.
- A total area of 150,000 acres will be covered under afforestation in 1994/95. A Tamil Nadu forestry project for the protection of biodiversity, at a cost of Rs300 crore, will be taken up with external assistance.

- The Madras Industrial Park, which will attract 1 billion American dollars investment will be established. We urge the Center to implement the southern gas grid as soon as possible. A new growth center is proposed to be established near Madras on 1,000 acres. TACID [expansion not given] will promote the Tirupur development project with ILFS [expansion not given] support at an estimated outlay of Rs550 crore. Tamil Nadu Newsprint and Papers Ltd's expansion plan will be implemented in 1994/95 with an outlay of Rs200 crore. A new leather industrial estate will be established near Madras.
- The highlight of the power situation in Tamil Nadu has been the absence of any energy cuts. The plan outlay on this sector in 1994/95 will be Rs625 crore, a 16-percent increase over 1993/94. The first stage of the North Madras Thermal Power Project with three units of 210 Mw will be completed in 1994/95 and one unit will be synchronized with the grid. Work on the Basin Bridge gas-based power project with four units of 30 Mw has started. The Jayamkondan Integrated Lignite Mining & Power Generation Project to generate 1,500 Mw with an investment of Rs7,500 crore will be taken up in the associate sector. The memorandum of understanding to establish a 100 Mw ocean thermal energy plant at a cost of Rs800 crore is a major initiative to attempt to harness and utilize a perennially renewable source of energy.
- A substantial increase of 26 percent in the allocation for road maintenance has been made in 1994/95 over 1993/94. A road sector project at a cost of Rs880 crore, has been formulated for World Bank financing to completely upgrade the road system in the state. In 1994/95, all villages with a population of more than 1,000 as per the 1981 census will be provided with all-weather roads.
- An integrated coastal area development project will be begun with external assistance.
- A Rs112.50 crore project proposal to clean the Madras waterways and to provide for sanitation has been sent for external assistance.
- The outlay on Tamil Nadu urban development will be Rs150 crore. A new state integrated program for the urban poor will be launched in 1994/95 to cover 100,000 urban poor families.
- The Madras Vision 2000 plan envisages an investment of Rs4,000 crore in six years to make Madras the favored destination in the country. The Metropolitan Infrastructure Development Corporation will be established to finance infrastructure development within the city. The budget provides Rs15 crore as share capital for this corporation to take its total capital base to Rs60 crore.
- "Shelter for all" is the policy of this government. In 1994/95, housing for 125,000 families will be provided through a number of schemes.
- The district primary education project will be launched in Dharmapuri, Thiruvannamalai-Sambuvarayar, Villupuram-Ramaswami-Padayachiar, and South Arcot-Vallalar districts at a total cost of Rs120 crore over a period of five years.
- As already announced, the World Tamil Conference will be held at Thanjavur in a grand manner in January 1995. The Thanjavur Palace and Thirumalai Nayakkar Mahal at Madurai will be fully renovated.
- The legislation to provide for compulsory enrollment and retention of children in schools, without penal provisions, will be introduced in this session of the Assembly. A new women's college will be started at Ramanathapuram in 1994/95.
- Every taluk will be provided with at least one 32-bed hospital in 1994/95. New pediatric neonatal clinics will be set up in each taluk hospital. A World Bank assisted blindness control project and AIDS control project will be launched.
- The planned outlay for drinking water supply will be stepped up to Rs387.72 crore in 1994/95. The budget provides Rs110 crore for the New Veeranam project and Rs100 crore for the Krishna water supply project. The water supply schemes for Coimbatore, Salem, and Madurai will be completed during 1994/95. All 1,239 habitations who do not have a protected water source will be covered in 1994/95, so that there will be no habitation in the state that is without a protected source of water. A desalination plant of 1 million liters capacity per day is to be installed at Narippaiyur in Ramanthapuram District at a cost of Rs10.75 crore.
- Two special incentive schemes to promote literacy among Scheduled caste female children will be launched. Scheduled caste female children in Dharmapuri, Thiruvannamalai-Sambuvarayar, Villupuram-Ramaswami-Padayachiar, and South Arcot-Vallalar districts, who are likely to drop out at the end of standard II [second grade] will be given a special incentive of Rs500 each on completion of class III, IV and V. This scheme will cost Rs1.50 crore. A monthly payment of Rs100 will be made to all indigent, rural, scheduled caste female children entering standard VI during the coming year. This scheme will cover 30,000 scheduled caste female children throughout the state and cost Rs3 crore.
- The program of Tamil Nadu Backward Classes Finance and Development Corporation will be stepped up to Rs13 crore to benefit 10,000 persons in 1994/95. A special provision of Rs1 crore will be made in 1994/95 for the provision of free house sites to backward class beneficiaries.

In aquaculture, two projects to cover 150 hectares in the Palk Bay at a cost of Rs13.88 crore and 50 hectares at Tharuvaikulam in V.O. Chidambaranar District at a cost of Rs2,20 crore will be implemented.

- One lakh women will be assisted in improving their incomes through various self-employment schemes in 1994/95. The child welfare sub plan, which is the 15-point child welfare program of revolutionary leader Dr. Jayalalitha put into action, will be implemented in 1994/95 at a cost of Rs697.65 crore. The total outlay on the revolutionary leader Dr. M.G.

Ramachandran nutritious noon meal program will be Rs345.36 crore in 1994/95, as against Rs312.42 crore in 1993/94.

- The budget provides for Rs46 crore for the scheme to supply free clothing for men and women in 1994/95. The budget also provides Rs5 crore for assistance for cooperative spinning mills.
- A new scheme for health coverage for unorganized labor will be implemented through primary health centers and hospitals. The budget provides Rs1 crore for this scheme. The provision for the family distress relief scheme is being enhanced to Rs25 crore to cover 50,000 beneficiaries.
- The total outlay on the Jawahar employment schemes in 1994/95 will be Rs220.59 crore. All the employment programs together will generate a record total employment of 10-crore man-days in 1994/95.

Social Security Scheme for the Poor

24. In my last budget speech, I placed before you the concept of protecting the welfare of poor people—improving their standard of living by means of a social security net. In the wake of the Center's change in basic policies of stabilization and economic structural adjustment policy, this particular plan for improving the standard of living of the poor was welcomed by the people of the state. Our state under the leadership of the Honorable Chief Minister Dr. J. Jayalalitha has been making special efforts to improve the standard of living of the poor. Due to the difficult economic crisis situation at the national level, most of the states have to reduce their allocation of funds for the welfare of their people. The Honorable Chief Minister Dr. J. Jayalalitha has always emphasized that the outlay for the social security scheme, intended to protect the poor people and improve their standard of living, should be increased. The budget for 1994/95 includes a record provision of Rs1,599 crore for the social security net for the poor.

25. The social security net for the poor that we have organized is a comprehensive safety net encompassing food security and nutrition for the aged, expectant mothers, and children; primary health care and medical services for the poor; universal elementary education; employment programs for the poor; essential drinking water; shelter for the homeless; social security programs and special programs for the weaker sections.

26. The outlay for 1994/95 represents a major step over 1993/94. The effort of the government is to safeguard the poor and improve the quality of their life. A recent study by the Reserve Bank of India shows that Tamil Nadu is in the forefront in providing the maximum outlay to the social sectors. In 1993/94 the expenditure on social services in Tamil Nadu was 41 percent of the total expenditure, one of the highest among the non-special category states. We are proud of this record, namely, that even as we try to secure higher economic growth in the context of the new economic policy, the situation of the poor is being constantly monitored and every effort is

made to improve their standard of living. In continuation of the long-term plan initiated by the honorable chief minister, all the schemes have greatly contributed to promote amity and good relations among the various sections of the people of our state.

Fiscal Position

27. I shall now attempt to explain the difficult task of finding funds for the various schemes and services highlighted and to balance the revenue income and revenue expenditure in the budget. Members of this Assembly may recall that at the time this administration came into power, there was a grave economic crisis; the fiscal situation was near collapse. It was thought necessary to reduce the outlays for the plan. We have succeeded in achieving fiscal stability and, more importantly, established a good track record of exceeding the approved plan outlay both in 1991/92 and 1992/93. We are now poised to do so again in 1994/95. We have set forth an ambitious plan outlay of Rs2,750 crore in 1994/95. The performance of this enhanced outlay will call for considerable ingenuity and finesse.

Budget Estimates

28. In 1993/94 the budget estimates revenue receipts total was Rs6,989.89 crore and revenue expenditures amounted to Rs8,300.87 crore and the total deficit was Rs1,310.98 crore. The initial estimated deficit was Rs275 crore. Under all heads of debit and credit, the net deficit was Rs359.95 crore. Due to new taxes and efforts to effect economy, the anticipated net balance was Rs80 crore. Therefore the total deficit, taking into account everything, was expected to be Rs555.89 crore.

29. Because the deficit was so huge, we had to take many steps to prevent any reduction in the planned outlay. In the revised estimate for 1993/94, the total income under the revenue heading was Rs7,215.13 crore and expenditures were Rs8,407.41 crore and the final deficit was Rs1,192.28 crore. We have to mention that in order to bring under control the continuously increasing income deficit, we have to take many steps. Taking into account that the final balance at the end of the year 1992/93 was Rs32 crore and the net total deficit was Rs228.82 crore at the end of 1993/94, it is expected that the net deficit will be Rs196.82 crore. While we allocate funds for the planned outlays, we have to mention that we have succeeded in bringing down the deficit figure more than expected.

30. In the year 1994/95, the budget estimates the revenue receipts to be Rs7,844.37 crore; expenditures to be Rs9,083.53 crore; and the net deficit is expected to be Rs1,239.16 crore. The 1994/95 budget estimates that under all account headings, the net deficit will be Rs2,021 crore. If we add this to the 1993/94 revised estimate deficit of Rs196.82 crore at the end of 1994/95, the total deficit will be Rs398.05 crore.

31. To manage the widening income deficit, our practice has been to raise loans. This has become a necessity. If

we do not borrow, we may have to reduce outlays for the welfare plans for the poor. Our Honorable Chief Minister Dr. J. Jayalalitha has been very firm that under the circumstances, we could allow any reduction in the plan outlays. [sentence as published] Therefore we have had to resort to borrowing, and these loans have further increased our responsibilities. In my last budget speech I mentioned the long-term methods of controlling growth of expenditure, keeping in mind the non-flexible and meager financial resources allowed to the states by the Constitution.

Policy on Expenditure

32. "If one person's expenditure does not widen, his income, however small it may be, does not matter; that person will not be ruined." These are the words of Saint Thirvalluvar.

Bearing this advice in mind we have formulated the policy on expenditure. We have no doubt that the honorable members of the Assembly will give wholehearted support.

33. We have implemented the policy on the expenditure report I submitted last year. At the same time I want to place before you a few details. In Tamil Nadu unplanned revenue expenditure during the five-year period ending with 1992/93 was up per year on the average of 22.6 percent. At the same time, the state's revenue was up by 19.2 percent. This is the main reason for the deficit total. This has to be brought under control. It has become necessary to explore all the possibilities for controlling the rate of expenditure. In this endeavor, the honorable members of the Assembly must give their wholehearted support to the administration. I am aware it is difficult to take meaningful control of expenditure growth. There has been a demand for additional funds for various schemes. We have to be vigilant in seeing that funds go only to the welfare schemes for the poor and to preventing money going to people with less need. I have to mention that a few sectors deserve priority in connection with the control of expenditure.

34. We have to make sure that new ideas on improved productivity are introduced in government operations. With a view to doing away with unnecessary procedures and to improving further effectiveness, we have introduced the "Z" bag [as published] system—budgeting from the beginning—to achieve fast growth. We adopted a system to stop new appointments at the recruitment level itself. This was misunderstood as denial of employment opportunities, hence it was withdrawn. Instead, we decided that at the needed locations, selected changes should be made. In the past five years, the allotted funds for pay, wages, and retirement have gone up considerably. In this connection, we must remember that we have to take certain corrective action.

35. Second, prices have been going up higher and higher, and various concessions we give people cost us more. As a result, not enough funds are available for development work. Without withdrawing these concessions, we

should make them available to the really needy people. At a time when we do not have resources for income, it becomes all the more important that we make sure that these concessions do really reach the needy people. We propose that extensive research be done to see that the concessions really reach the poor people.

36. Third, there are expenditures on some government services that do not give back adequate returns. By charging appropriate fees for such services, the government expenditure could be reduced. This could be done by charging fees on higher education, medical services, and economic services like irrigation. Without reducing the allocation for any welfare projects for the poor, we will charge an appropriate fee from those who can afford to pay. By this action the net total expenditure burden will be reduced. We should increase the amount of fees and fines that the government collects. A higher rate of fees has to be collected for the use of certain government lands. We should be careful about increasing the fees for government service for those who are not poor.

37. Fourth, we have decided to withdraw financial support to bridge the losses incurred by the public sector undertakings. In the past, disregarding the financial burden to the state, we have been giving this support to the public sector undertakings, which have been operating at a loss. Due to the government's mounting financial burden, we cannot continue this support. With a view toward preventing financial loss to the public sector undertakings, we already have a turn-around plan. If certain public sector undertakings continue to operate at a loss, we have taken steps to hand them over to the private sector. Bearing in mind all the aspects of the problem, we intend to study every case separately.

38. Fifth, the highest emphasis will be put on economic measures in government spending. We have introduced many extensive schemes to bring about effective economy, and these will be sincerely implemented.

39. Our effort, with the package of measures I have outlined, is to effect savings to the tune of Rs95 crore in 1994/95. We are hopeful that we will find all-around support for achieving this goal.

40. The honorable members are well aware that the reforms in the sales tax system of the state that we undertook in last year's budget have been widely appreciated, as a very major scheme of tax simplification. The rationalization of rate structure; the extension of concessional rates to more raw materials, consumables, and packing materials; and enhancement of the exemption limit to a total turnover of one lakh have all been appreciated as a major reform package.

41. It is our intention to continue the process of tax reform and simplification. It is our aim to minimize cascading taxes. As a part of this process, we have decided to extend the concessional rate under Section 3(3) to some mineral oils and gases, used as raw materials. At the same time, diesel fuel cannot be entitled to

concessional rate under section 3(3). To give effect to this, suitable amendments will be introduced.

42. In my last budget speech, I indicated the need to prevent evasion of sales tax. With this intention, I proceeded to include a few items that are evasion prone under Schedule VI.

Goods	Rate of tax
1. Pre-recorded cassettes, audio & video and compact discs	3%
2. Instant coffee	5%
3. Scented nut, roasted, or roasted seeval	8%
4. Steel shelves, office equipment, etc.	8%
5. Biscuits, toffees, other brand items	12%
6. Soap	12%
7. Toothpaste and powder	12%
8. Scents & perfumes, hair oil, etc.	16%
9. Suitcases	8%
10. Vegetable oils	3%
11. Timber	8%
12. Cardamum	3%

It may be noted that there is no change in the rate of tax in respect to the above items. The change being made is to include them under Schedule VI to prevent evasion of tax.

43. The rate on the tax on furniture will be increased from 8 percent to 12 percent and furniture will also be included as a separate item under Schedule VI.

44. Last year, as a measure of simplification, we introduced the facility of a compounding provision on an optional basis on civil works contracts. [sentence as published] The compounding rate of tax at 2 percent for civil works contracts was also introduced. The time allowed to exercise the option for 1993/94 was to 30 June 1993.

There have been recommendations to extend the period for exercising the option. We have decided to allow until 30 June 1994 to exercise the option for the years 1993/94 and 1994/95.

45. In my last budget speech I indicated that we would discuss the question of exemption of various goods from tax, in order to tax such items that do not merit exemption. In tax reform we should keep in mind the need to widen the tax base, keeping the rates as low as possible. A large number of exemptions defeat this purpose. In the simplified system that we have implemented since last year, it becomes all the more essential that unnecessary exemptions be withdrawn. The high power sales tax reforms committee headed by B. Vijayaraghavan, IAS [Indian Administrative Service], in its report, recommended the complete withdrawal of almost all exemptions for goods and institutions. Even items of common use like paddy, rice, wheat, common salt, etc., were recommended for taxation. We have given careful thought to these recommendations and examined them

in detail. We have decided to protect the poor from any possible increase in prices, and therefore, we have chosen to continue the exemption on a number of goods that are mainly used by the poor. The following will continue to be exempted from taxation, by specific entries in Schedule III—primary food stuff that is unprocessed, such as cereals, rice, wheat, fresh milk, common salt, fresh meat, fresh vegetables and fruits, etc.; some agricultural and horticultural produce, agricultural inputs, simple agricultural implements; animals other than race horses; pottery and palm products; family welfare items; blood and plasma; some life-saving medicines, certain country drugs and all physically-handicapped welfare prosthetics and appliances; unconventional energy devices and boilers using municipal waste; slates and slate pencils; wood covered lead pencils and chalk pieces; cloth rags; UNICEF greeting cards and calendars; cycle-rikshaw (without motor); electrical energy; bangles other than those made of platinum, gold, and silver; kum kum powder for ladies to wear on the forehead, eye-makeup and ready-made thali (marriage badge tied around the neck of the wife by the husband).

46. In addition to the above goods, synthetic gems, Xerox copies, laser copies, computer printouts on paper that has previously been taxed, and inter-state sales of coconuts will be exempted.

47. The exact list of items that will continue to be exempted is stated separately.

48. The items for which exemptions are being withdrawn are brought under Schedule I.

49. Exemptions from sales tax to institutions involves greater diversity and complexity. These will be reviewed later.

50. In the last budget the union finance minister indicated that the question of levying a value-added tax would be referred to the National Institute of Public Finance and Policy. There are very many detailed issues that have to be gone into in the consideration of implementing a value-added tax system. At this stage it would therefore not be appropriate to consider radical changes in the sales tax structure, such as the merging of surcharge taxes, additional sales taxes, or the passing on of additional sales taxes. We shall examine all these issues together at the appropriate stage.

Luxury Tax

51. Cigarette smoking is injurious to health. It is not only a luxury, but a dangerous luxury. I have decided to impose a luxury tax on the supply of tobacco, except beedies. [indigenous smoking product]. The tax rate will be 5 percent. This tax will be levied on all tobaccoists whose receipts on account of all the supply of tobacco is above Rs1 lakh per financial year. Suitable legislative amendments to the Tamil Nadu Luxury Tax Act are in the current session of the legislature.

52. The high power sales tax reforms committee recommended that cable television be brought under the Entertainment Tax Act, since the network is expanding rapidly.

The government has decided to accept the recommendation and levy an entertainment tax of 40 percent on the gross receipts of the cable television operators.

53. With a view to encouraging the production of new films in the state and to enable low budget Tamil films to withstand the competition from films produced in other languages and dubbed in Tamil, it is proposed that a higher entertainment tax be levied on the dubbed films screened in the state by 10 percent in each slab.

54. A suitable amendment to the Tamil Nadu Entertainment Tax Act will be brought in the current session of the legislature.

Unladen weight	Imported	Indian-made (in Rs per annum)	Owned by Others
Not more than 700 kg	1,200	800	400
More than 700 kg but not more than 1,500 kg	1,500	1,000	500
More than 1,500 kg but not more than 2000 kg	1,800	1,200	600
More than 2,000 kg but not more than 3,000 kg	1,950	1,300	650
More than 3,000 kg	2,250	1,500	750

57. The rates are proposed to be revised as follows:

Unladen weight	Imported	Indian-made (in Rs per annum)	Owned by Others
Not more than 700 kg	1,500	1,000	500
More than 700 kg but not more than 1,500 kg	1,950	1,300	650
More than 1,500 kg but not more than 2,000 kg	2,250	1,500	750
More than 2,000 kg but not more than 3,000 kg	2,400	1,600	800
More than 3,000 kg	2,700	1,800	900

58. The existing taxation rate for ordinary motor cabs (metered taxis) is Rs120 per quarter. We propose to revise this rate to Rs150 per quarter.

59. In the case of tourist cabs, the existing rate of Rs150 per quarter is proposed to be revised to Rs200 per quarter.

60. The existing rate of taxation for tourist maxicabs [large taxi] of Rs125 per seat per quarter we propose to be revised to Rs150 per seat per quarter.

61. The existing rate of taxation for All India Tourist Omni Buses is Rs500 per seat per quarter. We propose it be changed to Rs1,000 per seat per quarter, to bring it on a par with ordinary omni buses.

62. The tax structure in the case of goods carriages is proposed to be modified as follows:

Laden weight	Existing rate	Proposed rate
Not exceeding 3,000 kg	520	545
More than 3,000 kg but not more than 5,500 kg	845	885
More than 5,000 kg but not more than 9,000 kg	1,290	1,355
More than 9,000 kg but not more than 12,000 kg	1,690	1,775
More than 12,000 kg but not more than 13,000 kg	1,840	1,930
More than 13,000 kg but not more than 15,000 kg	2,190	2,300
More than 15,000 kg	2,190 plus Rs50 per every 250 kg and part thereof in excess of 15,000 kg	2,300 plus Rs50 per every 250 kg and part thereof in excess of 15,000 kg

63. The tax in respect to stage carriages is proposed to be revised as follows:

	Existing rate	Proposed rate
	in Rs per seat per quarter	
Express services	300	360
Mofussil services	305	360
Town services	260	275
Metro services	50	60

The existing surcharge rates will continue unchanged.

64. For the vehicles belonging to recognized educational institutions, the taxation rate is proposed to be revised from Rs1,500 per annum to Rs2,000 per annum. In addition, we propose that the tax on vehicles belonging to unrecognized educational institutions be revised to Rs500 per quarter from the present rate of Rs110 per quarter. This brings the tax on vehicles belonging to both recognized and unrecognized educational institutions on a par.

65. Earlier, rig-mounted vehicles were treated as goods carriages. However, the Government of India, by a recent notification, has reclassified them as non-transport vehicles. Therefore, it is proposed to incorporate a separate category in the First Schedule of the Tamil Nadu Motor Vehicle Taxation Act, 1974, to cover rig-mounted vehicles and to levy a lump sum tax of Rs2,500 per annum on them, irrespective of the laden weight.

66. The revised rates I have announced will take effect 1 April 1994.

Electricity Tax

67. The Tamil Nadu Electricity (Taxation on consumption) Act, 1962 provides for the levying of a tax on the consumption of electricity. The taxation rate is 4 percent on the sale of electricity. Meanwhile, we have in the last budget brought the normal sales tax rates under the Tamil Nadu General Sales Tax Act of 1958 to a standard rate system of 3, 8, 12, 16, 20, 25, 50 percent. [sentence as published] All rates have been brought into the revised system. Consistent with this change the rate of tax on consumption of electricity will be rationalized from 4 to 5 percent effective 1 April 1994. Domestic connections including hut connections, agricultural consumers, and captive generation will continue to be exempted from this tax. Fresh legislation to provide for the revised rate of taxation will be introduced in the current session of the legislature.

Agricultural Income Tax

68. The rates for deduction of replanting expenditure under section 5(G) of the Agricultural Income Tax Act have been fixed based on the economic life of the various plantation crops. Due to technological improvements in recent years and the development of high yielding varieties, many of the plantation crops now have a shorter economic life. We therefore propose to increase the permissible deduction for replanting expenditure under section 5(G) to 2.5 percent of the acreage in the case of tea, 3.33 percent for rubber and coffee, and 10 percent for cardamom.

69. At present, admissible interest on borrowed working capital is limited under section 5(K) of the Act to 9 percent on an amount equivalent to 25 percent of the agricultural income. In order to simplify matters, we have decided to amend this clause allowing full deduction of the interest on working capital.

70. At present there are certain restrictions on admissibility of expenditure in respect to bonus, provident fund contributions, gratuity, and other benefits to the employees. We propose to amend the Agricultural Income Tax Act to bring it on a par with the Income Tax Act 1961 in respect to these items.

71. These changes will take effect as of the assessment year 1994/95.

Conclusion

72. I indicated earlier in my speech that the deficit for 1994/95 would be Rs398.05 crore. With the measures relating to economy in expenditure, better return for services rendered by government and better targeting of schemes to benefit the poor, the net saving will be Rs95 crore. The net effect of the various taxation measures I have outlined will be Rs48 crore. The net final deficit for 1994/95 will be Rs255.05 crore. We will seek to control the closing deficit for 1993/94 and thus keep the overall deficit in 1994/95 within manageable levels.

73. The continuously widening large revenue deficits indicates clearly that the 10th Finance Commission would have to take note of Tamil Nadu's case for a grant to cover the recurring unplanned revenue account deficit. To secure justice for our state, we shall endeavor to explain to the Commission, the great need for help.

74. We hope that in the coming year, the Center will take steps to improve the collection of revenues under basic excise duties, so that the states get enhanced shares. We are relying on a greater buoyancy under this tax to

provide some relief in 1994/95. We have already expressed our desire to the vice president of the Planning Commission, to issue bonds for sale, to raise funds for providing services for basic necessities for towns like supply of drinking water and electricity. We hope we will be able to get a substantial amount from this source. With this amount and also effective regulatory steps to control expenses for the new projects under the unplanned category, we firmly believe that we can control the 1994/95 budget deficit and at the same time achieve the planned outlay of Rs2,750 crore.

75. The people of Tamil Nadu have given a great victory to the All India Anna Dravida Munnetra Kazhagam party led by revolutionary leader Dr. J. Jayalalitha, to usher in an era of growth and prosperity in the state. This administration is functioning in a manner that will keep the trust of the people. The threats from foreign militants and extremists have been rooted out. In the wake of this unique achievement, the people expect that an all-out effort will be made to march forward. The comprehensive social security net will in large measure protect the poor people and raise their standard of living. Our efforts for planned growth have enabled Tamil Nadu to move forward into a higher growth trajectory. This is evident from the track record of increasing the fiscal plan allotments and also implementing it effectively. This in itself is an eloquent testimony to our achievement.

76. We vowed to provide the people of Tamil Nadu a fine standard of living. In the process of carrying out that promise we have had to face many tribulations. The Honorable Dr. J. Jayalalitha has been championing the cause of the poor and underprivileged people in every forum. Her selfless dedication, devotion, and foresight have been responsible for recovering Tamil Nadu from the difficult economic crisis and for enabling it to move forward in the path of peace and prosperity. Today, Tamil Nadu stands out as a beautiful garden of peace, marching forward with confidence to provide its people with a high quality of life. This administration, which works with dedication to the cause, has been able to protect and improve the quality of life of the poor people. I firmly believe that, while many new projects in the budget we initiated will raise the standard of living of the poor people, they will continue to stimulate further our growth achievements. This budget with an unprecedented outlay of funds gives great importance to the overall growth. We will work tirelessly to attain the goals we desired.

77. I expect the honorable members of this Assembly who participate in the debate to offer constructive suggestions on the basis of fairmindedness, justice, and honesty, without heated arguments.

78. In preparing this report on the state of finance so efficiently the secretary of the Department of Finance M.N. Narayanan, IAS, and other officials of his department and other departments as well deserve my heartfelt thanks.

79. I request the Assembly kindly accept the report on the financial position for the year 1994/95. V.R. Nedunchezian Finance Minister Madras, 23 March 1994 Tiruvalluvar year 2025 Panguni 9.

Part II

Agriculture

1. Though Tamil Nadu was struck by severe storms and floods in November 1993, our state is in a new position to attain a record level in food production of 1 million tons. Our farmers deserve the highest praise for this achievement.

2. On a national level there is a prevalent idea that, instead of giving subsidies on fertilizers, electricity, and water, it is better to increase investments in both private and public sector undertakings involved in producing products related to agriculture. It is argued that, as we set aside a big sum for subsidies, we are unable to provide the necessary capital to provide facilities for our farmers in the villages. Recently in Tamil Nadu there has been a prevalent trend of rising prices of essential agricultural products. In Tamil Nadu, the procurement prices of a rough variety of rice per quintal has been raised to Rs310, from Rs270; a medium quality of rice, raised to Rs330, from Rs280; and the nicer variety raised to Rs330 from Rs290. Thus, the procurement price of rice after 1990 has doubled. For sugarcane, the recommended price per ton has been raised to Rs450, from Rs345. The farmers of our state have enthusiastically welcomed the increased prices for their products, treating it as a gift for all their toil. As a result, farmers' dependence on the subsidies has been reduced. The trade relationship between agriculture and other manufacturing sectors has improved.

3. In order to accelerate the growth of agriculture, we have to pay special attention to the following points of great importance. Greater efforts should be made to bring fallow land under cultivation. Water resources should be preserved and used in a more efficient manner. By improving the irrigation facilities, the cultivation of other food grains would be enhanced. Emphasis on production of high value crops, agricultural exports, cultivation of wasteland, and capital investment in agriculture are to be intensified. New technological methods including environmental development should be improved in order to bring down the cost. Human resources development should be given high priority. Special plans for cultivation of various kinds of food grains and increase in their yields should be intensified. We will implement this policy enthusiastically in 1994/95.

4. I want to mention a few important aspects of the new plans we propose to implement in 1994/95. Through our scheme to improve the fallow lands that were not cultivated before, we have brought 40,000 acres under cultivation. In 1994/95 we intend to bring 25,000 acres of wasteland under cultivation.

5. We have been giving high priority to the water resources protection scheme. As a result of so many irrigation projects, we intend to cover 214,250 acres. Kamarajar, Pasumpon-Muthuramalinga-Thevar, and Ramanthapuram districts will benefit in 1994/95 through a multi-resources water improvement plan, costing Rs13.51 crore. In those districts 25,700 acres will get water. In the second phase, at a cost of Rs41.72 crore, 106,000 acres in Tirunelveli-Kattabomman, and V.O. Chidambaranar districts will benefit. Water-drop spray irrigation schemes will be further strengthened. It is expected that this scheme will benefit 10,000 acres in 1994/95. The scheme is extended to cover the sugarcane crop also in 1994/95. For this scheme, a sum of Rs6.7 crore may be allocated.

6. We have decided to take steps to promote the increase of exports of agricultural products. In order to promote cultivation of horticultural produce and to increase their export, we propose that a new cooperative be started. It will be called the Tamil Nadu Horticultural Cooperative Union. Emphasis will be on the cultivation of cashew nuts, mushrooms, onions, etc. Processing of seeds and raising of flowering plants will be treated as professions, and to promote them, necessary financial aid will be given.

7. In the new situation that has evolved after the acceptance of the Dunkel draft, we should be sure that the farmers get the improved variety of seeds. The honorable chief minister has given orders that in order to provide our farmers with improved seeds and technology, an expert high level committee should investigate current research fields and give guidance. For the first time in our country, it is the Tamil Nadu Agricultural University that made a great achievement in producing a new MGR [expansion not given] hybrid rice.

8. In our state, special efforts should be made to popularize among the peasants the use of manure from waste of living beings and integrated insecticide methods to improve cultivation, keeping up good environmental standards. The budget has provided Rs25 lakhs for the production of manure and Rs10 lakhs for the development of the integrated pesticide method.

9. We have started a program to give training to women in agriculture with the aid from Danida [Danish International Development Agency] at a cost of Rs28.74 crore. This scheme called TANWA II [expansion not given] will have a published budget allotment of Rs1.80 crore. On the completion of the program, 7.44 lakhs women will have the benefit of training in agriculture. We propose to start very soon a human resources development scheme at a cost of Rs76 crore with aid from the World Bank. This scheme will help enlarge the knowledge and ability of the officials of agricultural universities, veterinary universities, forestry departments, agricultural engineering departments, and fisheries departments.

10. Under the Tamil Nadu agricultural development scheme, with World Bank aid, we have undertaken various projects to benefit agriculture and village areas at a cost of Rs310 crore. In order to identify areas of low productivity and to improve the productivity, we will make a special effort in 1994/95. The Tamil Nadu agricultural development scheme will have an allotment of Rs41.81 crore for the year 1994/95.

11. An oil seeds production scheme will be implemented at a cost of Rs11 crore. Special focus will be on growing oil-giving palmyra trees. These trees are planted on 2,500 acres in the districts of Tiruchirapalli, Tanjore, and Nagapattinam-quademillath.

Food Processing

12. We have selected food processing as an important department. Our objective is to select five important products and to encourage extensive foreign investment in the processing sector. In order to secure for our farmers good prices for their produce, we will provide them with market contact facilities. To ensure quick progress in this new and big venture, a committee will be formed.

13. To undertake the food processing work, an organization to be known as the Agri-Business Consortium, consisting of small farmers, will be started at Dharmapuri.

14. We intend to implement a scheme to improve the method of producing boiled rice at the Bolur rice factory, owned by the Tamil Nadu Consumers Trade Association, at a cost of Rs5.63 lakhs. There is also another important effort—the daily production capacity at the rice mill in Ammanpettai, which is owned by the same association, will be increased to 200 metric tons from 100 metric tons, at a cost of Rs3.19 crore. The method of paddy [rice before harvest] boiling will also be improved.

Irrigation

15. Tamil Nadu has almost exhausted its surface water resources. We have very little water resources beneath the ground surface. We must increase our water resources. The honorable members of the Assembly may recall that in order to make the Central Government ask the Karnataka government to implement the decision of the impartial tribunal on the Cauvery water dispute, the Honorable Chief Minister Dr. Jayalalitha went on a historic fast, unto death, in July 1993. During those critical days, the people of Tamil Nadu gave their great emotional support to their chief minister. The Central minister for water resources met with the chief minister and announced that the Central Government would appoint two committees to be involved in implementing the tribunal's interim order. We trust that the Karnataka government will implement the order of the tribunal in the coming year.

16. There has not been substantial progress in implementing the Peninsular River water grid scheme. They

should at least divert the course of the westward rivers without any further delay. The Pamba-Achan Koil-Vaigai link, in particular, should be implemented at the earliest. We hope the Central Government will treat the Peninsular River water grid as a high-priority project. In its first phase, the Pamba-Achan Koil link should be implemented.

17. In 1994/95 there is a budget provision of Rs125.56 crore for irrigation schemes, including small irrigation projects. We have to take steps to make sure that efficient use of above-ground water resources is made. With this thought in mind, we have developed the Tamil Nadu water resources scheme with World Bank aid. In the 1994/95 budget statement on our financial position, Rs40 crore has been allotted for this purpose. This scheme, which is to be completed in seven years, is estimated to cost Rs952 crore. This will help in repairs and in renovating the existing irrigation facilities and improve their efficiency; it will also facilitate the increased participation of farmers in the maintenance of irrigation facilities, and it will protect water resources and stabilize the established irrigation facilities. The efficiency of operating methods and systems of the irrigation section of the Department of Public Works will be developed completely, and it will acquire expert knowledge in how to serve the farmers better. The scheme will include the following:

- Pallarlu Dam irrigation project
- Seyyaru Dam irrigation project
- Poinee Dam irrigation project
- Lower Bhavani Dam irrigation project
- Vaigai irrigation project
- Parambikulam-Aliyaru irrigation project.

18. We trust the World Bank will give us the clearance for the scheme.

19. We have to make sure that the irrigation facilities are properly maintained. We have set aside Rs200 per hectare for 1993/94 and Rs265 per hectare for 1994/95. We are determined to adopt our ancient practice of involving farmers fully in the maintenance of the irrigation facilities. This is gaining importance as a part of our effort to enhance the effectiveness of our irrigation arrangements. We propose to encourage farmers to form unions to take care of the canals under categories B, C, and D. We have enacted a law to widen and extend the irrigation facilities to the fourth region also, under the Perambukulam Aliyaru project.

20. In 1994/95, we enacted a law to widen the irrigation facilities to the fourth region under the Parambikulam-Aliyaru scheme. This will provide irrigation facilities to 175,000 acres.

21. We propose to provide irrigation facilities in 1994/95 to 8,342 acres at a total cost of Rs27 crore, implementing the north Pachhayyaru project. Work will start in 1994/95 on the Adavi Nainar Koil irrigation project, which will provide irrigation facilities to 5,625 acres at a cost of

Rs37.69 crore. The Periyaru Vaigai link canal service will be completed in 1994/95, and 5,400 acres will benefit from this service.

22. The national water resources management scheme, implemented with World Bank aid, will be completed in 1994/95. Under this scheme, in 1993/94, we undertook, at the cost of Rs7.51 crore, the Thozudoor irrigation arrangement work, and at a cost of Rs4.88 crore, the Chittaru irrigation arrangement work. Work is about to begin on the Manjaru Dam project, at a cost of Rs1.23 crore. Under this project, three subsidiary water dam plans for Tirukoilur, Pilavukkal, and Krishnagiri will be implemented at a cost of Rs20 crore in 1994/95.

23. Irrigation lakes are very important sources of water. We intend to continue to implement the scheme to modernize the lakes with the aid from the European Economic Group. In 1994/95, Rs22 crore will be allocated for this scheme. So far, modernization of 157 lakes, which serve 20,700 acres, has begun. In 1994/95, 130 lakes, which serve 135 acres, will be modernized.

24. In the budget speech last year, I mentioned we would bring the former Zamin lakes under the jurisdiction of either the Department of Public Works or the Village Panchayat Unions on the basis of the acreage they serve. Efforts in this direction are being made. On the whole, the administrative set-up for about 4,720 former Zamin lakes has to be reorganized. The plan to standardize them and reorganize their administrative control is expected to be completed in a two-year period. This plan will benefit 1.96 lakh acres.

25. This administration attaches high priority to the plans for intensifying the growth of rural areas. For this plan, in 1993/94, the allotment was Rs126.30 crore, and in 1994/95 it will be Rs160.53 crore. A special self-sufficiency scheme has been successfully implemented at a total cost of Rs350 crore. As a result of this scheme, the basic service facilities have been provided to all the rural areas and settlements. To ensure proper maintenance, services, and management under this scheme, in 1994/95 a follow-up action will be undertaken.

26. To provide units in Tamil Nadu, where the democratic process is in various stages of development, with effective guidelines, a new legislation incorporating the 73d and 74th amendments to the Constitution will be introduced in the current session. This will help in examining the financial resources for the administrative units, and distribute among them the necessary funds for their effective functioning. They have already taken adequate steps to strengthen the financial resources of these democratic units. In addition to this, we have decided to develop a new guideline to strengthen and support the financially weak units and to facilitate their undertaking maintenance and reform procedures. The government will give a grant equal to the cess [as published] amounts. The size of the grant to the district decentralized plan has been doubled from Rs20 crore to Rs40 crore in 1994/95. Giving these funds without any

condition, marks another step toward encouraging the formulation of a plan of action from the beginning.

27. The Centrally-funded employment schemes were started on 1 October 1993 in 57 Panchayat unions in 12 districts. In 1993/94, a sum of Rs3.50 crore was allotted to the scheme. In 1994/95, this amount will increase. In the wake of the introduction of assured employment plans, the state plan has been allotted Rs10 crore in 1994/95. This plan will be revised for implementing in 50 high-growth areas in nine districts.

28. We intend to devote special attention to the proper maintenance of properties and to give support to the municipalities. In our state, we have 98,475 deeply bored pumps, 36,325 filtered pumps, and 26,462 electric pumps. To help in the maintenance of these properties, the budget has allotted Rs564 crore to the weaker municipalities. Special attention will be given to the maintenance of street lighting under the jurisdiction of the municipalities. To ensure proper lighting in the streets, we have been taking special steps.

29. We propose to grant permission to begin a special internal financial accounting for the Panchayat unions to ensure proper management and maintenance of irrigation lakes under their control. This will help in carrying out proper maintenance services of 23,761 irrigation lakes under the Panchayat unions.

Cattle Breeding

30. We have chosen animal husbandry as an important sector for overall growth under the Tamil Nadu agricultural development plan for services relating to cattle breeding in 1994/95. Rs6.05 crore has been allotted for this plan. Efforts should be made to develop artificial insemination facilities. Three sperm banks will be established in Sivaganga, Cuddalore, and Saidapettai at a cost of Rs74 lakhs. The honorable members will be happy to learn that the technique of using frozen sperm has been widely extended to all the 2,770 artificial insemination centers. The cattle breeding station at Echankottai, Orthanadu, and Osur have been modernized. Artificial insemination methods as well will be greatly improved.

31. We have engaged experts in the fields of cattle breeding, production of fodder of good quality and good-quality seed for fodder crops, diagnostics of cattle diseases, and prevention of epidemics, etc. As a result, the service from important departments will greatly improve.

32. Methods of treating and prevention of cattle disease and treatment facilities are being improved. Four hundred mobile cattle dispensaries will be opened. Ten new veterinary hospitals will be opened. The budget has provided Rs5.10 crore for cattle maternity and medicines.

33. We have achieved rapid advancement in the growth of milk-producing farms in 1992/93. The daily consumption of milk was 11.83 lakh liters, and it grew to be 14.11

lakh liters in 1993/94. In order to facilitate extending this "white revolution," we will attach great importance to the production of high priced items in this sector. At Sholinga Nallur near Madras, a new, big milk production farm is under construction. It will have a capacity to produce four lakh liters of milk per day at a cost of Rs25 crore. The building of the farm will be completed in September 1994. In the coming year, two new milk freezing units will be started, and the total freezing capacity will increase to 3.72 lakh liters per day.

Fishing

34. This administration, with the aid of the National Cooperative Development Organization, has embarked upon an integrated scheme for deep-sea fishing development at a total cost of Rs15.88 crore. This scheme will benefit 6,050 fishermen. For this scheme, a sum of Rs3.12 crore will be allotted in 1994/95. This results in benefiting fishermen in Tanjore, Ramanthapuram, and V.O. Chidambaranar, Chingelpet-MGR, and Kanyakumari districts.

35. In 1994/95, with aid from the National Cooperative Development Corporation and the European Economic Community, an internal fisheries development scheme will be implemented at a cost of Rs6.60 crore. This will provide for fish breeding in lakes, etc., in the districts of Villupuram-Ramaswami-Padayachiar, North Arcot Ambedkar, and Thiruvannamalai-Sumbuvarayar. Seventeen crore baby fish are required per year. This project will help in increasing the supply of fish.

36. We have been giving support to the marine life protection effort undertaken by the private sector. In order to provide alternative employment opportunities to 600 fishermen at a cost of Rs13.88 crore marine beings development scheme has been started on a 150-hectare area in Ramanthapuram district. This large scheme is being implemented with the help of the National Cooperative Development Corporation and MPEDA [expansion not given]. Another aquatic culture project will be started by the Tamil Nadu Fisheries Development Corporation at Tharuvaikulam in V.O. Chidambaranar district at a cost of Rs220 crore.

37. This administration has always given high priority to the welfare of fishermen. In 1993/94, at a cost of Rs5 crore, 2,000 permanent houses were constructed for free allotment to the fishermen. In 1994/95, another 2,000 will be constructed for free allotment. In 1993/94, those periods during which there was no income for fishermen, the state government paid Rs270 per month for up to four months to compensate for the loss of their income. One hundred thirty-one thousand fishermen received this compensation, and it cost us Rs13.20 crore. This serves as a great security scheme for the fishermen.

Forestry

38. We have to save our current acreage of forests and also develop and extend the forest area. In the current year, a scheme to extend forests up to 136 lakh acres is

being implemented. In 1994/95 we propose to bring under the scheme 1.5 lakh acres. For development of forestry the total of Rs46.05 crore has been allotted in the budget for 1994/95.

39. The community's scheme to develop the forest, which is implemented with the aid from the Swedish International Development Agency (SIDA), will be completing its second phase in 1994/95. We have budgeted Rs25.35 crore for this. An area of 7.5 lakh acres has been brought under the community forest development scheme. We have evolved a forestry plan interfaced with villages for which we hope to get aid from SIDA. This scheme is expected to cost Rs265 crore.

40. We have also formulated a new project, namely the Tamil Nadu Forestry Project, which will cost Rs300 crore. This has been submitted to the World Bank for aid. This is meant to preserve biodiversity and animals in the forests. This project is to interface 1.83 lakh hectare forest area, and 800 villages.

41. Under the agricultural development scheme we have provided Rs9 crore for forestry project services in 1994/95.

42. A special forestry project will be implemented under the mountainous region development scheme in the Nellagiri district. In 1994/95 an area of 1,375 acres will be brought under this scheme at a cost of Rs3 crore. We will undertake in 1994/95 forestry services and soil protection services on 6,250 acres on the slopes of the Western Ghats at a cost of Rs2.48 crore.

43. The honorable members are well aware of the Tamil Nadu Tea Plantation Corporation's plan for tea cultivation on 7,500 acres. Under this plan two more new tea factories are being set up at a cost of Rs6.00 crore. In 1994/95, an area of 1,500 acres will be brought under the scheme, costing Rs1.20 crore. We have secured aid from the National Agricultural and Rural Development Bank.

44. The Tamil Nadu Plantation Corporation has started a scheme to increase the planting area for trees that give paper pulp. In 1994/95 this kind of tree will be planted on an area of 1,200 acres. In addition, the cashew nut cultivation improvement scheme will be implemented on an area of 18,000 acres.

45. We have made special effort to preserve and protect our forest wealth. In 1993/94 a sum of Rs25 lakhs was allotted for carrying out various steps for the protection of our forests. In 1994/95 also an equivalent amount will be set aside for this purpose. We intend to develop the State Forestry Research Corporation at Vandalur. For this institution the budget has provided Rs10 lakhs.

Industries

46. The honorable members of this Assembly may recall that our honorable chief minister formulated a unique industrial policy for our state in 1992. This policy has been the basis of our industrial growth. The Central

Government has now pointed out that as a part of the liberalizing effort the state government should carry out more reforms. We have identified the important sectors for necessary action. We have succeeded in creating a good industrial climate in our state. Tamil Nadu is the one state in the country that has provided the best basic facilities for industrial growth, so says the Center for Industrial Economic Research. Tamil Nadu is the one state that does not have any electric power cut. We are determined to maintain this progress. Whenever any kind of approval for companies is needed, they can go to a single-window clearance. We have already put forth necessary legislation for this arrangement.

47. Madras Industrial Park, developed under a commercial arrangement with Singapore, will soon be taken up for implementation. On the completion of this plan, it will cover 8,000 acres. This will attract \$1,000 as a new investment. We have selected a small list of entrepreneurs for this plan, and this group is expected to start work very soon. We have asked the Central Government to give us quick approval for this scheme.

48. We have to consider industrial growth at a national level. There is a great need for giving an impetus to increase the capital investment both in the public and private sectors. We hope the Indian industry will respond to the challenge of competition and ensure faster growth.

49. The southern fuel grid is an important plan. This will be a great help in promoting industrial growth in the southern region, in particular Tamil Nadu. The Honorable Chief Minister revolutionary leader Dr. J. Jayalalitha took the first step, hinting that the southern states will be ready to invest capital for this scheme just as the Konkan railway plan. For this scheme arrangements have been made to bring fuel from Oman. Now it is doubtful if gas will be available from Oman. We will emphasize that this grid scheme should be based on getting the gas that has been burning in Bombay High without any use to anybody. Later we can also add to it gas when it comes from Oman. To ensure that this plan is implemented immediately, the Central Government should take immediate action.

50. The budget has provided Rs10 crore for capital investment for the Tamil Nadu Basic Industrial Improvement Corporation (TACID). This will establish development centers with a view toward speeding up progress, in Perunthurai in Periyar District, Gangaikondan in Tizunelveli-Kattabomman District, and Panangudi in Nagapattinam-Quade-Millath District. This corporation has taken charge of implementing special development centers at Nilakottai in Dindukkal-Anna District and another in Dharmapuri District. To speed up the industrial growth, we propose to establish a new development center on a large scale on an area of 1,000 acres near Madras. At Thiruppur, with the aid from ILFS [expansion not given], the Industrial Infrastructure Development Corporation will implement the

scheme to improve the basic necessities for industries. It is expected that the scheme will cost Rs550 crore.

51. Tamil Nadu Newsprint and Papers Ltd has a big scheme to double its present annual production of 90,000 tons to 1.80 lakh tons. It has obtained \$75 million from the World Bank. The budget has provided Rs200 crore. This scheme has been hailed as an exemplary unit that operates using agricultural waste, without causing any harm to the environment. It is unfortunate that the Central Government, in its current budget, has withdrawn its exemption from excise duty granted earlier to this company. We appeal to the Central Government to grant this company the exemption from excise duty. This company has now undertaken a big expansion project and deserves the exemption.

52. We have been consistently taking steps to create a climate for quick growth of small-scale industries in our state. As per the new economic policy, the growth of small-scale industries will certainly increase job opportunities. These industries should be getting their funds from the Department of Public Works, etc. Our efforts to get their dues paid in time have proved to be helpful. We received 115 complaints, out of which 111 were looked into and an adequate response was given. The rate of low pressure electricity allowed under the rules was raised from 130 to 150. This has been welcomed by the industry. The industrial entrepreneurs development scheme will be implemented in the coming year, and this will facilitate training 10,000 women. In 1994/95 "Citgo" will construct 200 industrial sheds. Fifty improved sites will be allotted for this purpose. It is indeed an achievement that 156 industrial sheds were erected at Mudaliyar Palayam, near Tiruppur. Citgo has been working on building 100 industrial sheds for those involved in the manufacture of knitted dresses. A similar industrial estate is being built at Palladam in Coimbatore District. Citgo has undertaken the work of erecting Revolutionary Leader Dr. J. Jayalalitha Electron Research Center at Guindy. This will provide directly and indirectly employment opportunities to 8,000 persons. A new leather industrial estate will be established near Madras, with technological help from the United Nations Development Program.

53. Tamil Nadu has developed plans to attract industrial entrepreneurs to start industrial projects in Tamil Nadu. To make this state an ideal place for starting industries, the state government has been working very hard. The honorable members of this Assembly may recall my earlier statement that we had decided to put forth an amendment to treat the deferred sales tax as having been remitted to fulfill the object of Section 43B of the Sales Tax Act. We discussed this with the Center, and on the basis of their clarification, we have issued an order in regard to the amendment. This will facilitate industries' getting all the needed benefits. I have no doubt that the industries will welcome our action. The method of deferred sales tax after a review by the Industrial Financial Aid Bureau will be made applicable to the weaker industrial units. The industries that in their beginning

stages meet with difficulties can be helped by this action. It is our aim to make this concession applicable to all the weaker industries in accordance with the Weaker Industries Act. With a view toward increasing exports, we have decided to refund within a three-year period sales tax collected on purchases made by the Madras export trade activity region and their units, wholly involved in exports. Within the Madras export area, sales transactions between the various industrial sections do take place. But if the final sales are not inside the country, they would be exempt from the sales tax.

Electricity

54. The highlight of the power situation in Tamil Nadu has been the absence of any demand for energy cuts. The Tuticorin thermal electric station has won continuously for six years the national productivity award and is poised to win again. In 1992/93 it reached 76 percent of productivity. The Mettur thermal power station has also achieved 6.42 percent of productivity and is poised to win the award. We have been monitoring carefully the supply of coal to these stations in order to keep up effective functioning.

55. For generation of electricity the plan allotted Rs538.50 crore for 1993/94 and Rs625 crore for 1994/95. The government has been giving great attention to the increase of power output. The first stage of the North Madras Thermal power project with three units of 210 Mw will be completed in 1994/95 and one unit will be synchronised with the grid. The work on the Basin Bridge gas-based power project with four units of 30 Mw has commenced. This project, aided by Japan's Economic Cooperative Fund will cost Rs367 crore. We expect this to be completed in 1995. New windmill units will be set up with 20 megawatts [Mw] of power.

56. For the first time in the whole country we have built two electric power stations in two cooperative sugar factories, one at Sethiathoppu and one at Cheyyar, and they are performing successfully. At three more sugar cooperative factories, joint electric power stations in Mayiladuthurai, Kallakurichi, and Aroor will be built at a cost of Rs18 crore. On the whole, we can expect to build joint power stations at a total of 250 Mw capacity.

57. In planning to meet the demands of the state's power supply, we have to take into account the long-term power needs of the state. We have made progress in our efforts to meet power supply needs on a long-term basis. The Jayamkondan integrated lignite mining and power generation project, which is to generate 1,500 Mw, with an investment of Rs7,500 crore, will be taken up in the associate sector. This project's financial estimation is currently underway. We expect this project to begin to function very soon. The Central Government has granted us permission to start an electric power station under the private sector. We are also considering the proposal to start under the private sector two power stations with 500 Mw at North Madras and Tuticorin. At Cuddalore we intend to start a thermal power project

with an initial capacity of 1,000 Mw and a final capacity of 2,000 Mw. For the power station to be established at Cuddalore we may have to bring in coal by sea for its functioning. We have to implement this project along with the Cuddalore harbor development scheme. The honorable chief minister requested the visiting Japanese high-level economic committee to consider investing in a coastal thermal energy project based on using imported coal. As the Central Government reduced the excise duty on imported coal, this project came to be considered. The honorable members of this Assembly will appreciate our great efforts to ensure a future without power cuts.

58. In Tamil Nadu, the delay caused by the Central Government in implementing its various energy projects has caused us grave concern. If negotiations do take place about digging the third mine and its allied power project, we would definitely welcome it. We have already informed the Center of our desire to invest and participate in the construction of the Koodankulam atomic electric power plant. We hope that the Central Government will make a decision about the scheme very soon. We have informed the Central Government of our desire to invest in the Kaiga atomic electric power station in the state of Karnataka. We trust the Central Government will take necessary action to invest in electric power generation schemes in Tamil Nadu.

59. We have taken stern action to reduce the loss in the process of supply and distribution of power. This loss in electrical wires has been reduced to 17.5 percent. The national average is 32 percent. The Tamil Nadu Electricity Board has been implementing a scheme to reduce this loss below 13 percent.

60. The honorable members of this Assembly are aware of our ardent efforts to promote and develop unconventional energy sources. As an important step in this effort, we signed an agreement with an American firm Messers: the Solar Power Corporation [as published], to produce energy from the heat of the ocean water. The 100-Mw project is to cost Rs800 crore. When we succeed in this effort, this will prove to be a major initiative to harness and utilize a perennial energy source. An integrated Panchayat energy project in 1994/95, at a cost of Rs30 lakhs will be implemented in 17 Panchayat union areas. The efforts to use solar power in heating water will be encouraged.

61. The honorable members are well aware of the severe financial difficulties the Tamil Electricity Board has to face. Even after the electric consumption charges were revised on 1 March 1994, the deficit still remained at Rs300 crore. This indeed is a very serious condition. Even after the state government's aid of Rs350 crore, the situation did not improve. The government granted to the Electricity Board a remission of Rs100 crore in an interest-due account. The Center has been insisting that power supplied for agricultural pump sets should be charged 50 paise per unit. We understand from an audit that the energy used for pump sets has been increased by 16 percent. This is higher than the energy used by the

industries as a whole. Therefore, it reveals that a substantial amount of electricity is being wasted or misused. As the state government itself is in financial trouble, it cannot increase its cash support to the Board. So, we have to face this difficult situation.

Road Transport

62. The outlay for roads in 1993/94 was Rs110 crore and in 1994/95 it is Rs120.94 crore.

63. The honorable members of the Assembly may recall that for the first time the state government has allotted for the maintenance of roads more than what the Ninth Finance Commission had prescribed as a guideline. We have raised the guideline amounts to the current level of prices. I am happy to say as per the enhanced guidelines the budget has provided for the maintenance of roads. For the maintenance of the road system, the 1993/94 budget provision was Rs145 crore, whereas in 1994/95 it has been raised to Rs183 crore.

64. In 1991/92 we undertook a special road repair project, at a cost of Rs150 crore, to be completed in a five-year period, including the current year. We have so far allotted Rs95 crore. Under the scheme, we have carried out repairs on roads totaling 6,430 km in length. In 1994/95 we will have Rs41.46 crore for this project. We propose that in 1994/95, the special road repair project cover roads of 3,500 km. This includes carrying out repairs on roads near the industrial sectors in 1994/95 at a cost of Rs5 crore, covering 4,300 km. As desired by the honorable members, we have given top priority in the budget for the road repair work, following the recent floods and storms. We hope we will be able to undertake intensive repair service as well as special road repair services within the budget allotment.

65. In the last budget speech I mentioned that a "bridges for the people" scheme will be implemented. As per the scheme, one bridge will be built for each legislative constituency. In 1993/94 we began work on 208 bridges at a cost of Rs0.42 crore. The remaining 26 bridges will be constructed in municipal and corporation areas at a cost of Rs1.30 crore. In 1994/95, 234 bridges covering all the legislative constituencies will be completed.

66. We intend to implement a new scheme with an outlay of Rs880 crore, aided by the World Bank. Under the scheme two-way traffic facilities covering a distance of 528 km will be constructed. Repair work on two-way traffic roads of 1,293 km length will be undertaken, and dilapidated bridges will also be reconstructed. As a result of this scheme, the quality of our roads will greatly improve. The World Bank has shown an interest in the scheme. We hope to get its approval very soon.

67. There has been heavy traffic congestion on such highways as Nagapattinam-Koodalur road, Coimbatore-Dindukkal road, and Perumbur-Manamadurai road. In order to reduce the traffic congestion, we propose to build four-lane transport facilities on such highways with

help from the Infrastructure Financial Services, stationed in Bombay. This effort will greatly improve the quality of the highways in the state.

68. We have given great importance to the task of rural roads development. In 1994/95 all-weather rural roads for all areas with 1,000 residents according to the 1981 census will be provided with adequate road facilities. The budget has provided Rs18.50 crore for this scheme. As a part of the Tamil Nadu agricultural development scheme, 19 bazaar centers will have good road facilities at a cost of Rs45.28 crore. In 1994/95, Rs10 crore will be allotted for this scheme. This will help in constructing good roads 800 km in length. The bus route development scheme will continue to be implemented. A sum of Rs13 crore has been allotted in the 1994/95 budget. Under this scheme 500 km-long roads will be repaired and improved. Under the sugarcane cess [as published] fund scheme, Rs5 crore has been allotted for road development in 1994/95.

69. Traffic congestion in urban areas also has to be reduced. To achieve this goal, we have to embark upon a big-scale road development effort. Under the Tamil Nadu urban development scheme, as a part of TRAMP [expansion not given], we have undertaken 37 projects in 10 important cities at a cost of Rs144.89 crore. The 1994/95 budget has allotted Rs27 crore for this effort.

70. The eastern coastal road between Madras and Cuddalore has been meeting with many problems relating to technology, environment, and complications in agreements, etc. We are trying to solve these difficulties. We hope to see good progress in this project. For the development of this road, in 1994/95, a sum of Rs15 crore has been allocated.

71. The honorable members of this Assembly are aware of the difficult situation that our state bus transport system has to face in the wake of the revised prices for diesel fuel effective the first of February. As a result, the bus transport system has to take a loss to the tune of Rs60 crore in 1994/95. So we have to set this right in the course of time. We find it very difficult to cope with the situation caused by frequent rises in the price of diesel fuel. When these transport corporations strive hard to serve the people, the capacity of these corporations is affected. They could not acquire an adequate number of buses to replace the old ones or open up new services. Therefore, we may have to pave the way for a rise in bus fares.

72. We are evolving a program of action in this area, bearing in mind the financial guideline limitation. We are seeking aid from the United Nations Development Program.

73. With regard to the 17 industries that produce an enormous amount of dust, the responsibility for supervising the environment has been entrusted to the Tamil Nadu Dust Control Board. Identification of 119 industrial sections that produce a vast amount of dust was

completed. Progress has been made in identifying sections that do not give out any dirt. At Manalur, a public facility will come into being to remove industrial waste likely to cause danger to sanitation. An emergency station to give aid is under construction at Manali.

74. We have been taking a series of vigorous steps to prevent pollution by leather tanning factories. Twenty-three general waste product purification stations are under construction. In 1994 six will be completed.

75. In the cloth production industry, the dyeing section is the one that gives out a large amount of dust and dirt. To prevent the dirt, 16 general waste purification stations will be opened.

76. We are planning to conduct comprehensive research about the state's industrial waste regulatory plan, with help from the Asian Development Bank. On the basis of this report, which is due in April 1994, a detailed scheme will be prepared.

77. The honorable members of the Assembly are well aware of our efforts to prevent pollution in the Cauvery River. A comprehensive scheme that will cost Rs332 crore has been sent to Japan's Foreign Economic Cooperative Institute in order to secure its help. In the meanwhile we will undertake under the National River Development Plan an initial services project, at a cost of Rs2 crore. We will take steps to check the quality of water in the big rivers and lakes.

78. The honorable chief minister, the revolutionary leader Dr. Jayalalitha has ordered that an integrated coastal area development scheme should be started. To formulate this scheme, we have sought the expert help from the world renowned specialist Dr. M.S. Swaminathan. We will send the details of the scheme for external assistance.

79. We have formulated a scheme to clean up the waterways in big cities and prevent contamination from them and water cleaning services in greater Madras. Germany is examining the scheme for giving us aid. Many institutions undertook detailed studies. This also included removal of mud and mire. This is an appropriate time to make great efforts to clean waterways and restore them to their original condition.

80. We have developed a scheme to prevent our coastal areas from eroding, and we hope to get funds from the World Environment Development Fund. The scheme, which is estimated to cost Rs50 crore, will help in carrying out efforts to protect the coastal areas of Madras and Kanyakumari District, on a permanent basis.

Urban Development

81. In Tamil Nadu 34.15 percent of the total state population lives in urban areas. Based on the population figures, the urban areas occupy third place, and to make an effort to raise their standard of living, we need

enormously large sums of money. This calls for huge capital outlays from all sources including private sectors.

82. The Tamil Nadu urban area development plan, which is being implemented now with aid from the World Bank, is one of the biggest implemented so far. The plan is expected to have a total allotment of Rs150 crore in 1994/95. The plan includes many important sectors—development of housing sites, hutments, increase in transport facilities, and financial aid for urban development.

83. The one important advantage of implementing the Tamil Nadu urban development scheme is that we get new financial assistance for providing the basic facilities in urban areas. At the same time, with the object of giving financial aid to projects to provide basic necessities, we have organized a municipal development fund scheme. Municipalities have had problems paying back the loans from the insurance corporation, etc., resulting in the state government's taking up the responsibility for the loans. Taking all these into consideration, we have to examine the possibility of starting an infrastructure for

giving help. We are appointing a committee to examine the problems involved and to submit a report of recommendations.

84. We propose to implement an integrated program for the urban poor. There have been a number of schemes to improve the plight of the poor, to raise their standard of living and their economic well-being. This integrated program will be helpful in bringing them together in a well-coordinated approach to deal with the problems effectively. In 1994/95 under this scheme, 1 lakh poor families will benefit.

Madras Metropolitan Development

85. The honorable members of this Assembly are aware that we started "Madras Vision 2000," with a view toward making the city a first-rate city in the whole country. For this, we will develop a scheme for capital investment which will include Madras Vision 2000.

86. To complete the implementation of this scheme before the year 2000, we give below the list of our targets with their outlays:

Target Details	Outlays in Crore
Water distribution—removal of drainage	Rs1,600
Distribution of electric energy and provision of additional power during heavy load period	Rs650
Development of road structure to remove bottlenecks to relieve traffic congestion and setting up of a new transport administration	Rs300
Development of corporation area's waterways and environmental clearing	Rs400
Rain water drainage	Rs75
Development of housing sites	Rs525
Development of corporation's transport system	Rs300
Other development schemes	Rs150
Total	Rs4,000

87. Thus the Madras Vision 2000 plan envisions an investment of Rs4,000 crore. This will be implemented with the plan to make Madras beautiful, too, in the year 2000. Madras should be the place to attract new commercial centers and corporate office complexes, and it is our objective to make sure that the city's lifestyle is sophisticated with all amenities and make Madras attractive and powerful to be the financial capital of India.

88. The Metropolitan Infrastructure Development Corporation will be established, and the budget provides for this a sum of Rs15 crore as a share of the capital. Inclusive of the Central Government's share, the total capital will be Rs60 crore. This is a large sum of financial aid for fulfilling the needs for the basic necessities in the greater Madras corporation area.

89. We have started a program to generate electricity by using the waste products of the corporation area. This 8-Mw power station will be built at Perungudi, near Madras at a cost of Rs16 crore. This station will use

balls, made from the waste material, for generating power. TICO [as published] firm undertakes this program under the joint sector. This is a big attempt to connect the waste materials with power generation.

Housing Facility

90. "Shelter for all" is the policy of this government. The construction of houses helps in creating a substantial number of job opportunities and, as in Mexico and other countries, this is an important economic service. Therefore, we have given high priority to housing projects.

91. We have started an effort to survey the number of houses needed and the number of houses already distributed. On the basis of this survey we have to consider a long-term plan to provide for increasing the number of shelters and improved housing plots. Houses and hutments built by government institutions like the Housing Board and Huts Board will be distributed in a better and improved manner. With a view to speeding up the improved house plots in urban and rural areas, we

propose to strengthen the operative movement in the state and give it our wholehearted support. I have to mention, at this time, that the financial aid for housing in general and in particular regarding refinancing the loans from the National Housing Bank is not satisfactory. The Central Government should reform the process of granting loans and ensure that adequate amounts are there for such loans through commercial banking sources. In 1994/95, we will endeavor to provide housing facilities to 1.25 lakh families.

92. The Tamil Nadu Housing Board will build 20,700 shelters at a cost of Rs200 crore in 1994/95. The Tamil Nadu Hument Board will build 750 new shelters in 1994/95, besides undertaking hument area improvement for 10,000 families. At a cost of Rs1.5 crore, the "Shelter for Homeless" project will build 900 rows of shelters. Under the shelter for pavement dwellers plan, 2,275 shelters will be constructed. In 1994/95 the Huments Board will undertake four urban areas improvement projects. In 1994/95 urban housing cooperative societies will give financial support to build 10,000 shelters.

93. In the coming year, to enable us to implement big schemes for building houses, we trust that the rural housing projects will be reformed on a sound basis. For this we have to collect the loan installments in time. We will improve the efficiency of the rural housing projects through 165 taluk cooperative societies. The 1994/95 budget provides Rs5 crore for building 30,000 shelters. We will continue to implement SUPRA [expansion not given], a novel scheme to erect 10,000 shelters in rural areas. This scheme will enhance the quality of rural housing facilities.

94. We propose to strengthen the services rendered by the Land Development Banks to lend money in a big way for housing projects. We have secured the necessary permission for the effort. In 1994/95 we propose to implement through the land cooperatives a scheme to grant loans to the housing effort.

95. The honorable members of this Assembly are well aware of our special projects for building houses for those who were affected by the recent floods and storms. Under the scheme, 18,000 houses will be built. A sum of Rs8.10 crore has been allotted for this scheme. We are considering granting additional financial assistance to build houses in the wake of the recent reports of loss caused by the recent floods. We will implement this effort, after obtaining the necessary permission from the Central Government.

Education

96. For education, the budget provides a total of Rs2,002.46 crore. Under the category of revenue expenditure, the only big department that takes 22.04 percent of expense is the department of education.

97. The honorable chief minister, revolutionary leader Dr. J. Jayalalitha recently in February 1994 delivered a

thought-provoking address at the Chief Ministers' Conference on the high priority services that have to be rendered throughout the state. She declared that we will make an attempt by the year 1998 to achieve the target of "education for all" in Tamil Nadu. A state-wide effort will be undertaken to see that all children are admitted into the schools and also in particular, to make sure that they continue schooling until 14. To achieve the target, priority will be given to finding necessary financial resources.

98. To improve the standard of primary education we have identified the following steps that should be taken:

- A pre-school education scheme will be implemented all over the state beginning in 1994/95.
- During the summer of 1994 a special campaign will be undertaken to ensure that all children above five are enrolled in the schools.
- During the summer holidays and even after the opening of the schools, special efforts will be made to see if children are continuing in the school.
- The system of educated volunteers teaching those children of age six to 14 who had not been to any school will be strengthened and made more effective.
- Efforts will be made to improve the quality of the school syllabus and training programs for teachers, the system of incentives to teachers, improving the minimum educational standards, and the participation of parents in the school activities.
- On the basis of the recent research survey on infrastructure for schools, systems will have to be improved.

We will definitely work to implement the plan of action, so that the entire elementary education system in our state will be of high quality.

99. The honorable members of the Assembly are aware that we submitted to the World Bank a comprehensive report on a plan to upgrade the elementary school system, which is to cost Rs1,200 crore. The plan is still with the Central Government. We requested that the Center send it to the World Bank. Meanwhile, we are thinking of a plan for girls' education for which we will seek aid from the World Bank. In the districts where the rate of girls' education is far below the national average, this scheme will help in improving it. The district primary education project will be launched in Dharmapuri, Thiruvannamalai-Sambuvaray, Villupuram-Ramaswami Padayachiar, and South Arcot Vallallar districts. For a five-year period, the allotment for this project will be Rs1,000 crore. This will facilitate a large number of girls being enrolled in the primary school and encourage them to continue their education. This will strengthen the primary school system in Tamil Nadu.

100. The honorable members of this Assembly will be pleased to know that in the coming year 766 new primary school buildings will be completed. After this each school will have at least one permanent building of its own. In the coming year we intend to build 750 more

schools. This will ensure better infrastructure for the primary school system. We are asking the Panchayat Unions to bring under internal accounting section III the system in order to ensure proper maintenance of primary school buildings.

101. In my last budget speech, I mentioned that new legislation will be brought to compel children to go to school and continue their education. This announcement was widely welcomed. We had discussed extensively the rules and regulations of this act. This will be in force throughout the state. It is our aim to inculcate in the mind of the parents that it is their sacred duty to send their kids to schools. Instead of punishing them for not sending their kids to schools, we thought it better to encourage them to do it on their own and make them abide by social compulsion. The rules and regulations will be implemented without any penal provisions. We have the primary school facilities to attract the students and educate them; we can surely succeed in this task. We will introduce legislation for primary education in this session of the Assembly. The honorable members of the Assembly will certainly appreciate the novel efforts taken for this legislation to bring about compulsory education. This, indeed, will be a great gift to our future generations.

102. The "literacy for all" scheme has been extended to all the districts except Madras. For this campaign, a sum of Rs58.26 crore has been allotted. This will benefit 83.08 million people. The campaign is in its last phase, yet such campaigns are the ones that cannot end soon. It has to be on a continuous basis. Only then will we be able to reap the benefit of our efforts. We have to keep a watch over the situation and see that the initial enthusiasm of the new literates does not slow down or fade away, and we must provide them with opportunities to use their newly acquired skills on a continuing basis. We will make sure that we will continue this effort.

103. We have taken steps to improve the quality of education in high schools and higher secondary schools in the state. In the coming year we propose to upgrade 25 middle schools to high schools and 12 high schools to higher secondary schools. The honorable members will be happy to note that the new school reform plan that was implemented last year won unprecedented support from the public. We have received for this plan in kind donations to the tune of Rs76 crores. Just like this effort the newly introduced patron of the school project gave us donations of Rs4.1 crore. The great support we received from the public will greatly help in improving the middle-level school system in Tamil Nadu.

104. We have decided that the money we received from the public should be properly utilized. To construct buildings for high school and higher secondary schools, the budget has provided Rs75 lakhs. The funds that come from local areas will also be utilized for these buildings by collecting donations from the public and

contributions from the institutions like Jawahar employment projects. We propose to have a building construction plan in 1994 at a cost of Rs4 crore. Basic facilities for the middle-level schools will substantially increase further. The syllabus of 14 schools has been designed to teach mathematics as well as facilitate intellectual development.

105. The honorable members of this Assembly are aware of the educated volunteer service system started last year. I am very happy to announce that there has been great support for the scheme, and 15 lakh youngsters have come forward to do the work. The work includes enlightening the masses on the importance of education, the evil effects of drinking alcohol, etc. This will be a great step in the social reform effort. The budget has provided Rs13.8 crore.

106. The honorable chief minister, the revolutionary leader, Dr. J. Jayalalitha, has been giving high priority for the development of sports. Within the shortest time, namely seven and one-half years, the construction of Jawaharlal stadium was completed, and international competitions and 33 national sports competitions took place at this stadium. The sports lovers of the state will feel happy about the chief minister's efforts for the development of sports. In 1995, the next Asian games competitions will take place at this stadium. We propose to conduct the games in a grand manner, and we have proposed to have a scheme costing Rs20 crore. This will help in improving the facilities for the competition on the stadium grounds. We have also decided to encourage the youngsters in rural areas to take training, similar to the Chinese method. Under the scheme, 388 sports centers, at cost of Rs4 crore, will be constructed. For every Panchayat union, there will be a sports center. Each center will be set up with an appropriate sports facility hall and a 400-meter race track and also a coach. This is a bold attempt to attract youngsters to become trained in the skills and encourage them to become good sportsmen. In the coming year, a sports hostel will be built for well-known sportsmen. In 1994/95, stadiums will be constructed in Ramanathapuram, Sivagangai, and Pudukkottai districts.

107. A state committee on higher education was inaugurated by the honorable chief minister in March 1993. The committee will develop schemes for improving education in universities and colleges. This will help the universities to upgrade their facilities. In 1994/95, a new women's college at Ramanathapuram with the budget provision of Rs35.57 lakhs will be started. With aid from the World Bank, an education project for technology experts is being implemented in the current year. This plan will have an allotment of Rs9 crore. This will also help in improving 55 technology schools.

108. At a meeting of the state planning committee with the honorable chief minister in the chair, a decision was made to integrate the existing intellectual institutions in the Tharamani area and to organize an intellectual city at Madras. This will promote and foster contacts between

the various branches of knowledge, facilitate the exchange of ideas, establish intellectual contacts with world organizations, and organize on a grand-scale intellectual seminars. This is the idea behind establishing the intellectual city at Madras. The budget has provided Rs1 crore for this project.

Development of Tamil Language and Culture

109. The honorable members of this Assembly will be happy to learn that the Eighth World Tamil Conference will be held at Tanjore on a grand scale. This will commence on 1 January 1995. Tamil scholars from various parts of the world will participate in the conference. Plans are under way to highlight the glorious traditions of the Tamils at this world meeting. Rs1 crore has been allotted for the conference.

110. As a part of our efforts to preserve our ancient culture and tradition, the Tanjore Palace building will be renovated at a cost of Rs61.90 lakhs and Thirumalai Naikkavu Mahal at Madurai at a cost of Rs79.80 lakhs. The honorable members of this Assembly will be happy to note that a substantial amount has been allotted to protect and preserve these two great monuments.

111. We propose to undertake an extensive research project to organize a new Buddhist cultural wing to be added to the Fine Arts Museum in Madras. The new wing will have very ancient, priceless relics belonging to the Amaravathi period. On the basis of the research, the new art wing will be established.

112. To encourage our dramatic groups to organize stage performances, we have given them a 50-percent discount on bus fares when they travel by bus.

113. In order to make all our children learn the Tamil language, we have made it compulsory that Tamil be taught at all nursery schools in the state.

114. We propose to prove with facts and figures how our ancient Tamils were engaged in overseas trade and commerce; a preliminary report is underway with the help of the National Oceanographic Institute. The third stage of this work will be completed at a cost of Rs15 lakhs. Later a more detailed estimate of expenditure for the project as a whole will be prepared.

Family Health Welfare

115. For 1994/95, the budget has provided for health and family welfare a sum of Rs643.15 crore. The allotment for drugs and medicines has been increased from the current Rs75 crore to Rs88 crore in the coming year. The budget allocation for basic family health welfare in 1993/94 was Rs174.21 crore and in 1994/95 it is Rs198.95 crore. The Revolutionary Leader Dr. J. Jayalalitha mother-child welfare camps have proved to be a success. So far 1,315 camps have been conducted and 2.11 million women and 2.9 million children have benefited from these camps. Having met with success in the camps project, we propose to start in June 1994 a project

to cover school children of 5-15 years of age for medical examinations for good health under the Revolutionary Leader Dr. Jayalalitha school health camps scheme. With aid from the World Bank and UN Children's Emergency Fund, we are implementing a scheme to protect babies and promote protective motherhood. So far it has worked in eight districts. The scheme will be extended to seven more districts in 1994/95, namely Madras, Chingelpet-MGR, Coimbatore, Periyar, Nilagiri, Tanjore, and Nagapatinam-Quaide Millath. As a part of the effort to provide both mothers and babies with hygienic protection with an outlay of Rs10.26 crore, the Indian Census V has been extended to 15 municipal jurisdictions. This plan allows for the provision to the urban poor an integrated service including mother and baby protection and also other welfare services.

116. In this state there are 1,417 health clinics, which serve remote corners and rural areas with maternity health services. The members of this Assembly will be happy to know that 120 primary clinics will have their own buildings in 1994/95. The budget has provided Rs7.21 crore for this effort. Twelve dispensaries will be built for health centers.

117. The main objective of the government is to give high priority to hygienic protection to mothers and babies. We have decided to implement a special project in the coming year, to ensure that every taluk hospital in the state has a new pediatric neonatal clinic. As a first step in this direction, we propose to reserve beds with necessary equipment and doctors. With financial aid from the Tamil Nadu integrated nutritious food plan and ONIDA [expansion not given], this scheme will have a Rs2.70 crore allotment.

118. The honorable members of this Assembly are well aware of the state's plan to provide every taluk with a hospital with 32 beds. Under this scheme we have already taken steps to build wards in 11 maternity hospitals. I am pleased to announce that in 1994/95, the construction of these wards will be completed. I guarantee you that hereafter each and every one of the taluks will have a hospital with a minimum of basic facilities.

119. Villupuram has now become the headquarters of the district, we propose to build there a new ward with 48 beds in the headquarters hospital. This is a part of a scheme to provide every district headquarters hospital with at least 200 beds. A budget provision has been made for Rs83.85 lakhs for giving so many facilities for these hospitals.

120. The health protection scheme will be taken up in the coming year for implementation in Dharmapuri, Nagapatinam-Quaide Millath, and Tanjore districts. With financial aid from Danida, this is to cost Rs89.11 crore. This will help in promoting primary health care and supporting the health care system in the entire state.

121. A World Bank aided prevention of blindness project will be implemented very soon. This will help in reducing eye diseases from 1.65 percent to 0.3 percent by

the year 2000. To attain this goal, the district headquarters hospitals will be provided with an addition of 1,696 beds and 48 operation theaters.

122. We have to take steps to prevent and control the cruel AIDS disease. We have made necessary arrangements to control the disease. We have already given important equipment to 44 blood banks out of the already functioning blood banks to ensure supply of well protected blood. In the coming year, with support from the Central Government, all the blood banks in the state will be provided with this equipment. With the aid from the U.S. AIDS control project, our plan will be implemented by the well-known private sector establishment called the Volunteer Health Service in Madras. The plan provides for publicity through media contacts to awaken the public about the nature of this disease and the way it spreads among the people.

123. It has now become crystal clear that with our few financial resources, we have to implement programs that provide the maximum benefit. The World Bank in its previous yearly report emphasized that high priority should be given to projects that will reduce the death rate. In order to achieve this, we have to promote mother-baby health and welfare, leprosy control, treatment for malaria, asthma, and for AIDS control on a high priority basis. In the work detailed, modern equipment is needed on a large-scale in bigger hospitals. Due to the difficult financial situation, we have to collect fees for such new facilities. This will ensure that they continue to serve the people with their own self-generating resources.

Drinking Water Distribution

124. The state government attaches very great importance to the task of ensuring supply of protected water for all. The budget provision for the supply of drinking water in 1993/94 was Rs276.21 crore and in 1994/95 it will be Rs387.72 crore.

125. The honorable members of this Assembly are well aware of our special efforts to combat the drinking water supply problem following the north-eastern monsoon rains in 1992. The honorable chief minister, revolutionary leader, Dr. J. Jayalalitha, took many steps to increase the supply of drinking water in a proper way. She was personally involved in checking the progress every week. The people of Madras, in a unanimous voice applauded her great services to rescue them from a severe water shortage crisis.

126. The honorable chief minister has taken important steps to avoid any such repetition of a water crisis of this kind. She made a powerful plea to the executive director and the vice president of the World Bank to accede to her request for aid for her scheme to increase the drinking water supply to Madras. The scheme needs a large outlay. The World Bank agreed to help us. The World Bank will undertake in April 1994 to prepare an estimate for the scheme's second phase for Madras' drinking water purification scheme. The scheme is based on water supply from the new Veeranam Lake. We will commence the scheme

that will bring 40 million gallons of water to the city every day, at a cost of Rs720 crore. The budget has provided Rs110 crore for this effort. At the same time we are trying to expedite the Krishna River water supply scheme. In 1994/95 the budget has allotted Rs100 crore for this scheme. Out of this, Rs70 crore will be paid to the Andhra Pradesh government, for the work to be undertaken on their side. We will carry out the necessary construction on our side with the rest of the Rs30 crore. The World Bank will evaluate and give an estimate of phase three of the Madras drinking water distribution purification scheme in April 1994. This Rs751-crore project will supply to the Madras area Krishna River water duly cleaned. It will also carry out the drainage removal service. The honorable members, I am sure, will certainly appreciate the meaningful steps to solve the Madras water problem on a permanent footing.

127. The Tamil Nadu drinking water supply scheme with World Bank aid is being implemented currently at a cost of Rs322 crore, and this has been extended to December 1994. Under this scheme 44 cities have been provided with drinking water. Water cleaning facilities were given to 14 cities at a low cost. Rs35 crore has been allotted for this scheme. The honorable members of this Assembly may be aware that schemes to increase water supply to Coimbatore, Madurai, and Selam that started in 1987/88 have met with inordinate delay in implementation. I am happy to state that, due to our efforts, those schemes are now about to be implemented. In December 1994, there will be an additional water supply of 131.25 million liters per day to the Coimbatore municipal area, 20 cities, 523 rural settlements and as a result 22.35 lakhs people will be benefited by the scheme. The water supply scheme to Madurai will supply an additional 71.6 million liters of water daily, thereby benefiting 12.8 lakhs people. The water supply scheme to Selam is about to be completed, and on completion this will benefit the Salem municipal area, 268 rural settlements with an additional water supply of 88 million liters of water per day and benefit 12.93 lakhs people. The water supply schemes for Kanjeevaram-Sankaranarkoil have been completed. The schemes for Pudukkottai, Thiruvannamalai, Manapparai, and Pollachi municipal areas will be completed in 1994/95.

128. In Tamil Nadu, which has 101 municipalities, 99 have already been given the basic water distribution facilities. The Padmanabhapuram scheme will be completed in 1994/95. For Thiruththuraipoondi municipality, a revised scheme is under consideration. The schemes for 23 urban area municipalities and 64 rural Panchayat areas will be completed in 1994/95.

129. The honorable members are aware that there are different views about the actual figures and statistics of rural settlements that received protected water supply. We wanted to find correct figures, so we took another survey. As per the survey of 1 January 1994, drinking water was not provided to 1,239 settlements. In 1994/95 we plan to give protected water to those settlements. As a result, there will not be any single housing settlement without protected water. In addition, those areas that received only a partial water supply will get a full supply in 1994/95.

130. We asked the Central Government to grant Rs75 crore for the rural water supply scheme in 1993/94, but we got only Rs32.68 crore. In 1994/95 the outlay for this scheme, it has been learned, will be only Rs39 crore. We intend to ask for a substantial increase in the grant, not less than Rs50 crore from the Center to enable us to provide water in full measure to those settlement areas that received only a partial water supply.

131. A big drainage system is being implemented in the Coimbatore area. This will be completed in 1995. In the city of Ooty, a drainage removal scheme is being undertaken at a cost of Rs7.61 crore. Due to the speedy implementation of the scheme, it is expected to be completed in September 1995. We have been wondering if it is possible to use the funds from the joint sector institutions to extend these facilities to an additional number of cities also.

132. The honorable members of the Assembly know of the effort this government made to improve the water distribution system in the Ramanathapuram District. After reviewing the technological and financial problems involved in the matter, we have decided to install a desalination plant to transform sea water as drinking water of 1 million liters per day at Narippaiyar in Ramanthapuram District. This will be implemented with aid from the Center.

Welfare of Women, Children and Nutritious Food

133. The honorable chief minister, the revolutionary leader, Dr. J. Jayalalitha, inaugurating the women's conference on 9 March 1994, detailed the government's policy on women's welfare. This is in fact a bill of rights for women. Under the chairmanship of Justice Sengotu Velan, a women's high power committee has been appointed.

134. Women could enhance their income by getting improved training to better their employment opportunities. To promote self-employment for women, we have formulated many schemes. Through the women's committee we want to encourage self-employment opportunities. This will be our plan of action. This tactic worked very well in regard to the women's development project. This project was recently extended to Madurai and Ramanathapuram districts. Under the integrated rural development plan this is being implemented as an allied project in the rural areas as a women's and children's welfare scheme. We have approached the European Economic Community for aid for such a plan. We hope to get help from various sources. We will integrate all these, and in 1994/95, through self-employment schemes, one lakh women will be assured of help to increase their incomes.

135. The scheme to give financial aid to expectant mothers and mothers who breast feed their infants will be continued in 1994/95 with an additional allotment of Rs6 crore.

136. The honorable members of the Assembly are aware of the appreciative tributes from all around the world for Dr. J. Jayalalitha's 15-point children's welfare scheme, which was inaugurated by the chief minister on 14 November 1993. UNICEF has hailed this as a fruitful effort and has praised Tamil Nadu as the first state to implement a plan of this kind in India. I am pleased to announce that we made this plan of action more effective and included it as a subsidiary project in the 1994/95 budget. I am also happy to announce that another subsidiary scheme for children's development will be included in the 1994/95 [budget] with an allotment of Rs697.65 crore. The details of the scheme are given below:

Details	Financial Allotments Rupees in Crore
1. For protected maternity and to increase the weight of newborns to 3 kilos	65.96
2. By inoculation, removal of all diseases	4.57
3. To reduce the rate of infant mortality below 30 percent	6.00
4. to reduce severe deficiency of nutrition and partial deficiency of nutrition	305.21
5. To get rid of malnutrition	8.68
6. To change all hospitals and maternity clinics as day-care centers	2.70
7. To prevent frequent pregnancy among youngsters and women	80.08
8. To make compulsory primary education for women	81.32
9. To improve women's literacy rate and their plight	42.71
10. To provide day-care centers with protected water supply and best health care	91.70
11. To completely eradicate child labor	0.13
12. To protect baby girls	4.00
13. To remove the social evil of killing baby girls	0.2
14. To prevent disabilities during childhood and detect them early enough to give them rehabilitation	4.87
15. To identify genetic heart diseases at the early stages	0.25
Total—Children welfare scheme	6.65

137. Our foremost effort is not merely to just protect the life of children, but also to ensure that every child is hale and healthy. The honorable members of the Assembly will welcome this great effort of our administration.

1. The infant girl's first birthday	a gold ring weighing 2 grams worth about Rs800
2. On joining the school	Rs.250
3. On joining 6th grade	Rs500
4. From 9th class to 12th class for first 10 months at the rate of Rs50 monthly for 4 years	Rs2,000, payable in 4 years
5. On the completion of 20 years of age	Rs20,000

139. While this new revised scheme is continuously giving benefits to female children, it also at the same time helps and improves family welfare activities.

140. For implementing the revolutionary leader MGR [M.G. Ramachandran] nutritious mid-day meal program and the allied Tamil Nadu integrated nutritious food scheme, aided by the World Bank, the budget provision for 1993/94 was Rs312.42 crore; it will be Rs345.36 in 1994/95. This highlights the great importance we attach to the nutritious food schemes. These schemes are being implemented throughout the state in 1994/95. Babies from six months to six years will be covered under the scheme. This kind of scheme is being implemented only in a few states in the whole country. Tamil Nadu is one of the few states. The nutritious food is being enriched by adding soya flour and corn flour. The honorable members of this Assembly will happily praise the steps we have taken to ensure that the children in the state get adequate nutritious food.

141. The state government has started a 10-point scheme for social and economic uplift of the Adi-Dravidas. In the current year we have achieved a substantial amount of success under various heads of the 10-point scheme, I am happy to report. We will continue to implement the scheme. Special areas of the plan and goals/targets set for 1994/95 are detailed below:

Subjects	1994/95 Budget targets:
1. Economic development plans	65,000 families
2. Digging irrigation wells	1,000 wells
3. Entrepreneur development scheme	1,500
4. After training at technical institutes and finding jobs	500
5. Free house plot deeds	75,000
6. Free houses to Adi-Dravidas	25,000
7. Drinking water supply	1,500 shelters
8. Construction of link roads	200 shelters
9. Street lighting	All the Adi-Dravidas' Housing area covered
10. To provide one light per household	35,000

142. The main focus of the 10-point scheme is to improve and uplift the Adi-Dravidas and Aborigines.

138. The revolutionary leader Dr. J. Jayalalitha's female children welfare scheme has received a great welcome from the public. The budget has provided Rs4 crore for this scheme. The revised scheme gives the following benefits:

143. The honorable members of the Assembly may recall that in my last budget speech I mentioned a new investment scheme to encourage entrepreneurs among the Adi-Dravidas. I am happy to announce that the scheme to encourage the Adi-Dravida entrepreneurs has come into being. Two industrial estates have been started in Coimbatore and Periyar districts, with 100 industrial sectors. The land for these estates has been obtained; land improvement measures have been undertaken. This project will cost Rs80 crore. The Tamil Nadu capital investment corporation is giving financial assistance for this project. The silkworm development plan has given financial aid to 1,097 Adi-Dravidas. We propose to extend this scheme for 1994/95 also and finally give financial aid to 10,000 persons.

144. Everybody knows very well that this government has been giving importance to the schemes to educate the Adi-Dravidas. The special training camps and guides have proved to be very effective in the case of students. I am happy to announce that the number of Adi-Dravida students who passed the 10th standard has increased; it was 57 in 1991/92 and it was 70 in 1992/93. In the coming year 200 hostels for students will be started at a cost of Rs47.51 lakhs. In 1994/95, additional rooms will be added to the already existing hostels. In the budget a sum of Rs28.31 lakhs has been allotted to a special fund to provide basic necessities for the Adi-Dravida middle-level schools.

145. In the four districts where the literacy rate among the girls is very low, with the aid of the World Bank we propose to start a district primary education scheme. This is just to improve the education process among the girls of the Adi-Dravida and Aborigines. The Adi-Dravida girls who are poor and are about to stop schooling will be encouraged to continue further. A special incentive of Rs500 will be given every year for third standard to fifth standard. This scheme and the new legislation making education compulsory will greatly help children from the poor families and Adi-Dravidas and Aborigines to continue in the primary schools. To implement this scheme, in 1994/95, it is expected that this will cost Rs1.5 crore. These girls will not be permitted to continue after the fifth standard, by their families. Those girls who want to pursue their schooling, but who must stop for want of money, will get

Rs100 per month under a new scheme we propose to implement throughout the state. The scheme is likely to cost Rs3 crore and will benefit 30,000 Adi-Dravida girls. We are sure that the honorable members of the Assembly will welcome this bold venture to directly solve the problem of giving education to the Adi-Dravida girls.

146. In 1994/95, we propose to implement a new scheme to distribute lands to the Adi-Dravidas who are landless, to better their economic plight. To facilitate development of land, adopt better cultivation methods, volunteer services will be available for implementing this scheme. It will take Rs1 crore to implement this scheme. This will benefit about 1,000 Adi-Dravida families.

Welfare of the Backward Classes

147. Due to our great interest in the welfare of the backward classes, we wanted to protect the quota system in the matter of jobs and education by bringing new legislation, and this historic bill awaits the consent by the president of our republic.

148. We are very much interested in promoting educational opportunities for the backward classes. For the students of the backward communities 604 student hostels are operating now. In 1994/95, 16 new ones will be functioning. Buildings for 30 student hostels, at a cost of Rs3.41 crore, are under construction. Twelve more will be built at a cost of Rs1.72 crore in 1994/95.

149. Under the housing site deed distribution, in the 1994/95 budget a special provision has been made for Rs1.72 crore. The qualifying person's limit of annual income has been raised from Rs6,400 to Rs12,000.

150. We have been giving high priority for economic development of the backward communities. The Tamil Backward Communities Economic Improvement Association has been revived. In 1994/95 this scheme will receive an enhanced allotment of Rs13 crore. Help will be given to 10,000 persons.

Weavers' Welfare

151. As the price of cotton has gone up considerably, the price of yarn has also gone up considerably. The weavers have to face such a different situation, and we have to see how we can solve this problem. We have told the Central Government that we have to take many steps to solve the problem, to help the weavers. On our part, we have opened four yarn-selling centers, to sell spindles of yarn, etc., at a concessional price. We have approached the South Indian Spinning Mills Association (SIMA) to give handloom weavers yarn at a concessional rate. To stabilize the prices, we have asked the Central Government to arrange immediately for import of 50,000 tons of viscose yarn without excise duty. We have been pressing the Center to immediately solve this problem and help the weavers.

152. The honorable chief minister has been keen on implementing the scheme to distribute free clothes—

dhories to men and saris to women among the agricultural laborers as well as urban poor people. For this scheme, the 1994/95 budget has allotted Rs46 crore. As it is proposed to get these clothes for men and women from the co-optex [cooperative textiles], this scheme will help the handloom weavers in our state. This is an important aspect of our social security system.

153. We have taken many steps to improve the lot of our weavers. Everybody has welcomed the scheme we introduced to give retirement benefits to the weavers' families. Twenty-two thousand, seven hundred ninety weavers have enrolled themselves. Still more weavers will be covered under this scheme. The scheme to provide houses for the weavers will continue to be implemented in 1994/95. One thousand houses will be constructed. We have also another scheme to improve the weavers' housing colonies. These areas have been provided with 64 bore wells at a cost of Rs22.40 lakhs.

154. In order to revitalize the cooperative spinning mills in the state, the budget has provided Rs5 crore.

Labor Welfare

155. It is an undisputable fact that the new economic policies have paved the way for developing industrial structure and reforms. We have been emphasizing that under any circumstance we should always be careful to avoid hurting the interests of the working classes. Regarding the welfare of the working class people in the government sector organizations, we have sent action plans to benefit 3,497 persons, at a cost of Rs28.97 crore. To cover the expense of the volunteer retirement schemes, we have a suggestion made in our note that we should get help from the national renewal funds. We will press the Central Government to give us permission to proceed further in the matter. The laborers who worked in the 12 closed factories were given during the Deepavali festival season help from the chief minister's general relief funds and this cost Rs32.65 lakhs.

156. In 1993 the industrial relationship was an agreeable one. The loss of man-day work hours due to strike and shut-outs was 15.56 percent less this year than the previous one.

157. We have decided to implement a health scheme for the unorganized laborers. This scheme will work through the primary health care centers and taluk hospitals. The plan will give necessary medicines, etc., and for this scheme the budget has provided Rs1 crore. This step is only a part of the integrated social security scheme to protect the interests of unorganized labor. For the interim relief plan, the budget has provided Rs25 crore. This is meant to give 50,000 families that have lost their bread-winners relief of Rs5,000 for each family. In order to provide unorganized laborers retirement benefits, we intend to expand the scheme for the abandoned agricultural labor. The honorable members of this Assembly will appreciate the steps we have taken to provide unorganized labor with social security arrangements.

158. Under the scheme to fix minimum wages for various kinds of industries, we will continue to fix the minimum wages. Until now we have brought 67 services under the scheme. The government has fixed the minimum wage as not less than Rs20 a per day in any kind of work. In 1993, for the first time, the minimum wage was fixed for many industries, including peeling of the coconut shells, manufacture of foam and other polythene and plastic products, carpentry, iron implements-making, and food processing works. We revised the minimum wages for cheap smokes work, cashew nut, construction work, road maintenance, and carpentry in 1993. For agricultural labor we revised the minimum wages in 1993. We are currently involved in fixing the minimum wage for seafood industries.

159. We have made substantial progress in eradicating child labor. In 1993, action was taken in 44 cases involving child labor under the Child Labor Act. This has proved to yield good results to keep under control child labor.

Schemes for Loans

160. The state government has always been giving great importance to speed up economic growth. The honorable members are aware of the many notable changes that are evident in the financial set up. We welcome the steps taken by the nationalized sector.

161. We have developed a district loan system based on the potential link prepared for every district by the National Bank for Agriculture and Rural Development (NABARD). We have taken steps to ensure the support of the decentralized district development scheme to provide on a district level enough funds. The main objective of the scheme is to link local development projects with loan facilities and organize them in a coordinated manner.

162. We have been insisting that the loan to be granted to Tamil Nadu not be less than Rs3,000 crore in 1994/95. We have particularly expressed our view that funds must be allotted for the plantation and irrigation development schemes and other schemes. The idea is to secure greater capital investment for agricultural development.

163. In the past year we revived the scheme for long-term loan-giving procedures. In 1991/92, 42 primary land banks were eligible to get refinancing from the NABARD. Now 142 banks are eligible. The total loan-giving capacity of these banks has increased; in 1991/92 it was Rs41.32 crore, and in 1994/95, we expect this to rise up to Rs122.57 crore. To improve further the capital structure of these primary land banks, we will try to get the NABARD's long-term funds for the share capital of these land banks. The loan amount for mid-term and long-term agricultural needs will be increased.

164. In my last budget speech, I referred to the growth of job opportunities with a plan of action. In the priority sector, we have succeeded in generating more growth. We have been giving great support for cultivation of

high-priced crops and speeding up growth of other areas. We obtained financial aid from the NABARD, to give loans to the needy in rural areas. In 1994/95, the Jawahar employment scheme will be implemented with an allocation of Rs220.59 crore. With the Jawahar employment opportunities scheme in the coming year, the total employment opportunity will be 850 lakh man work-days, under the assured job projects, and guaranteed job opportunities schemes, in 1994/95, 150 lakh man work-days. Thus in 1994/95, a historic total of 10 crore man workdays will be achieved.

165. The village industry project we introduced to promote self-employment opportunities in the villages is working successfully. In 1993/94 one lakh workers benefited. This project is to be continued in 1994/95, giving the benefit to 1.25 lakh workers.

166. I am happy to announce that the number of jobless degree holders went down in June 1993 as compared to June 1992, according to the employment exchanges office records. So far as those who passed the final examination or those who match that qualification are concerned, their rate of increase at the employment offices is less according to the records. Thus our policy regarding employment opportunities has proved to be yielding good results. Under the prime minister's scheme for promotion of self-employment, 15,000 persons will be given help for self-employment.

167. We have started the educated volunteer service scheme to allow the unemployed degree holders to serve in social welfare activities. Under this scheme, 1.5 lakh youngsters have been enrolled for service. They will be serving in the field of non-school education and propaganda campaign to tell the people of the evils of drinking.

Government Workers' Welfare

168. This administration has been implementing a fair and just policy regarding the welfare of those employed in the state service. We examined very extensively the requests made by the government employees in December last year. In spite of the fact the state has been in a very difficult financial situation, we granted an interim relief of Rs100 per month from 1 January 1994, and for the various categories of employees interim relief was given. For this important concession, the state has to spend Rs120 crore per year. The problem in the matter of government employees having to pay professional tax, has been solved in an agreeable manner. The travel concession plan to travel up to 400 km out of the state has been expanded.

169. On the basis of the negotiations with the employees held in December 1993, the health allowance has been raised from Rs15 to Rs30 per month. On account of this, the government has to spend per year Rs10 crore.

170. Effective 1 April 1993, the house rent allowance has been raised for employees. For this big change, the government has to spend Rs33 crore per year. For the cities under stage I (A),(B) stage II towns that are 32.16

km away from the Panchayat unions, and stage II towns, the house rent allowance will be extended as per stage I (A), I (B). The demand made long ago has thus been granted.

171. Regarding the advance granted to buy warm clothes, the amount has been raised from Rs500 to Rs1,000 or two months pay, whichever is less.

172. We have decided that when we raise the pay according to the cost of living index for the government employees, those who receive honorariums and assignment fees will also receive a higher rate. Because of this step, about three lakh employees involved in the mid-day nutritious food scheme will be benefited.

173. We have decided to start a new department to deal with matters relating to the grievances of retired employees. This will facilitate the retirees getting their pensions on time.

174. This department will work in coordination with the Department of Accounting. In the case of the retirees, the medical allowance has been increased from Rs15 to Rs30 per month, and this will come into effect on 1 April 1994. Because of this, the government will have to spend a sum of Rs3.5 crore per year.

Nedunchezian
Minister of Finance
Madras, 24 March 1994

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